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No. 1159

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12 August 1981

# USSR REPORT

## POLITICAL AND SOCIOLOGICAL AFFAIRS

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## INTERNATIONAL

### EFFECTS OF INFLATION IN DEVELOPED CAPITALIST COUNTRIES ANALYZED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 4, Apr 81  
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[Article by V. Usoskin: "Inflation and Economic Policy in the Industrially Developed Capitalist Countries"]

[Text] The entire capitalist world has been in the grip of inflationary chaos for 15 years. Addressing the 26th CPSU Congress, L.I. Brezhnev pointed to the further intensification of the contradictions of capitalism and emphasized: "Inflation has assumed unprecedented proportions."

In the 1950's and at the start of the 1960's the slow or, as the Western press christened it, "creeping" increase in prices of an annual 3-4 percent was considered virtually a normal phenomenon and an inevitable concomitant of dynamic economic development. But by the end of the 1960's it had been replaced by a menacing, inexorably growing inflationary spiral. For the first time since the end of WWII the average annual rate of increase in commodity prices came to be expressed in double digits in many industrially developed countries. And although inflation has yet to reach the destructive stage when it ultimately leads to economic chaos and the degradation of the monetary system, it is having the most serious impact on the entire mechanism of reproduction and social processes in the capitalist countries.

The anxiety of the ruling circles of the leading capitalist states is caused not only by the constancy and practical uncontrollability of the inflation process but also by a combination of rapid price increases with a deterioration of all the most important indicators of economic conditions unprecedented in the West's economic history. The term "stagflation," which is employed to characterize a state of the economy where a production standstill or slump ("stagnation") does not lead to a halt in the inflation process but, on the contrary, is accompanied by a high rate of increase in commodity prices, has become firmly established in the Western press and bourgeois leaders' political jargon.

Stagflation has shaken the entire edifice of bourgeois economic science. It has devalued many of the most important dogmas of "neoclassical synthesis" and led to the disorientation of the practitioners of economic policy, who have attempted to channel economic development by means of neo-Keynesian measures to "control demand". The fact of inflationary chaos getting out of control demanded the pursuit of an effective policy to halt the rise in prices. But as the CPSU Central Committee

Report to the 26th CPSU Congress observed, "in adopting measures to combat inflation bourgeois governments are contributing to a production standstill and increased unemployment and in attempting to arrest the critical production slump they are increasing inflation even more."

How to overcome inflation without intensifying here the stagnant and crisis phenomena in the economy? This is a problem on whose solution government officials and experts of all the capitalist countries without exception are now struggling desperately. It is essentially a question of phenomena undermining the base supports and institutions of bourgeois society. Social tension increases sharply and the class struggle between labor and capital intensifies under the conditions of stagflation. "Unemployment and inflation," the American economist H. Wallich declared, "are painful social disasters. If they are not removed, they could change our economic and, possibly, political system."<sup>1</sup>

Inflation has currently been declared enemy No 1. But all the efforts at fighting it are proving unsuccessful. In order to elicit the causes of these failures it is necessary to analyze the basic factors of the acceleration of the inflation process in recent years.

#### The Growth of Commodity Prices in the 1970's: Particular Features and Causes

Price dynamics in the industrially developed capitalist countries testify to the serious deterioration in the inflationary situation. The "base" rate of increase in prices cleared of fluctuations in business conditions and determining the general "background" of the development of the inflation process has moved upward. The intensive nature of the increase in the costs of commodities which in the 1960's was considered an exceptional phenomenon in the Western industrial countries has now become a daily, customary fact of economic life.

The dispersal (spread) of the individual-country rate of inflation has increased considerably--from 1.6-3.9 percent in 1952-1967 to 4.5-15.6 percent in 1972-1979. The rise in prices was distinguished by particular intensiveness in the 1970's in Britain, Italy, France, Canada, Denmark and Sweden. A certain abatement of inflation had occurred in Japan by the end of the decade after a rapid rise in prices at the end of the 1960's and a sharp surge therein in the mid-1970's.<sup>2</sup> There was a similar change in prices in Belgium and Holland. There was a sharp acceleration of the inflationary process in the American economy, where comparative price stability had been observed in the previous two decades. In the inflation rate the United States has now come to hold one of the first places among the leading Western countries. There has been an increase in the intensive nature of the rise in prices in the FRG and Switzerland, which until recently had to a considerably extent succeeded in neutralizing the general trend toward a rapid spurt in inflation.<sup>3</sup> All this testifies to the complexity of the current inflation process, where the effect of the general causes of an acceleration of price increases is substantially modified under the influence of the particular features of economic and sociopolitical development in individual countries.

Price dynamics have changed within the framework of industrial cycles. As is known, an asymmetry was revealed after WWII in the pricing process: the rise in commodity prices in a phase of cyclical upturn was not accompanied by a subsequent universal reduction in prices at a time of critical production slumps and standstills.



Analyzing the changes in wholesale prices in the United States in the course of industrial cycles since 1890, the American economist P. Cagan observed: "The distinguishing feature of postwar inflation is not that prices have increased more rapidly in a period of cyclical upturn...but that they have barely been reduced or have risen even under the conditions of recession (that is, a production slump--V.U.)."<sup>4</sup> This one-sided price elasticity has been brought about largely by the pricing policy of the major companies. Studies conducted in the United States and other countries have shown that with the growth of sectorial concentration and the increased control of a small number of major firms over the market the inertia of the price mechanism increases, which is expressed in commodity prices' slow reaction to the decline in market demand and their relative stability in a phase of critical production slumps.

The further development of this process was observed in the 1970's. At the time of the 1970-1971 crisis in the United States there occurred for the first time not a slowing but an acceleration of the rate of price increases, despite signs of commodity overproduction, a decline in capacity load and a rapid increase in unemployment. The more profound crisis of 1974-1975 was accompanied by an intensification of inflationary pressure everywhere, despite the sharp deterioration in other economic indicators. In some countries the price indices grew at an average annual rate of 15-25 percent. In the course of the subsequent sluggish and short-lived recovery the rise in prices, although curbed, nevertheless remained at a higher level than in the 1960's. A new round of increased inflation then began.

The trends of the changes in prices in the 1970's confirm the conclusion concerning the complex and multifactorial nature of modern inflation, the causes of which are rooted in the singularities of the economic and political structure of capitalism and in a sharp deterioration in general production conditions. At the center of the inflation process is the state, which regards a "manageable" increase in prices as a kind of "valve" for easing economic and social contradictions. Other centers of inflationary pressure--the major companies' practice of jacking up prices and foreign economic impulses increasing inflation and contributing to its intercountry "transfer" on a world scale--were also stimulated considerably. The accelerated increase in prices has led to a sharp exacerbation of the class struggle, in the course of which the working people are repulsing the onslaught of the monopolies and defending their living standard. The combination and interweaving of all the said processes has engendered a stable trend toward accelerated price increases which is difficult to overcome.

Let us dwell in a little more detail on the basic factors of inflation under the specific conditions of the 1970's. It should be mentioned primarily that the past decade was a period of the further growth of the economic activeness of the state and the expansion of the scale of its intervention in the reproduction process. The ratio of the expenditure of government institutions to GNP (in current prices) deduced from the national accounting statistics of the OECD countries has increased considerably compared with the start of the 1960's. This indicator was 34.1 percent in the United States in 1977, 42.6 percent in Britain, 43.4 percent in France, 40.2 percent in Canada, 27.7 percent in Japan, 43.1 percent in the FRG, 41.4 percent in Italy, 53.4 percent in Holland, 58.9 percent in Sweden and 39.4 percent for the OECD on average.

Attempting to overcome the increasing trend toward a production standstill and the deceleration of the rate of economic development, the government authorities have allocated increasingly large sums to stimulate scientific-technical progress, accelerate the development of important sectors of the infrastructure, power engineering and transportation, which permanently experience a shortage of the influx of private capital, and for the vocational training and retraining of manpower. In the United States, for example, federal budget expenditure on development of the economy (including the development of natural resources, energy programs, the financing of scientific research, education and the vocational training of personnel and so forth) increased almost tenfold from the 1960 fiscal year through the 1979 fiscal year--from \$9.7 billion to \$89.4 billion, and its proportion of total federal expenditure rose from 10.5 percent to 18.1 percent.<sup>5</sup> In a number of West European countries with a major nationalized sector the proportion in the budget of allocations for economic purposes was even higher.

At the same time the course of events has distinctly shown that the concentrated buildup of budgetary outlays has not been a factor of a genuine recuperation of the economy. In the majority of cases the administration has not endeavored to improve the structure of production, replace the technical base of the nationalized sectors and increase their profitability. A considerable proportion of budgetary resources in the United States, Britain, Italy and France has been used to directly subsidize major firms experiencing financial difficulties. The theme of the inefficiency of state spending has been a constant rubric in the foreign press.

A result of the working people's many years of struggle has been the extension of budgetary allocations for social needs and the creation of major sociocultural consumption funds. These programs function to a considerable extent on the principle of their paying for themselves and provide for the introduction of additional taxes on wages. The state has been compelled to spend major resources on the above-mentioned needs, fearing class demonstrations and an intensification of the anti-monopoly struggle. But the inefficient expenditure of resources has been observed in this sphere also. The bulk of the budget sums for many social programs is put at the disposal of various commercial enterprises, which see them as a source of additional gain.<sup>6</sup> A gap between the increase in outlays and the degree of satisfaction of social requirements is characteristic of all the social programs in the capitalist countries.<sup>7</sup> The parties of the right and reactionary political figures, who are insisting on a sharp reduction in expenditure on social and cultural purposes, are attempting to use this fact for their own ends.

The main source of the inflation of the national budget remains military spending, which is given unmistakable priority over other appropriations. In the period 1965-1977 the NATO countries' total annual direct spending on military purposes increased from \$79 billion to \$164.7 billion.<sup>8</sup> Military appropriations began to grow particularly rapidly in the mid-1970's, when a policy was adopted, on the initiative of the United States, to expand the arms race. Under pressure from the United States, the NATO countries undertook to increase "real" (taking devaluation into account) spending for this purpose by an annual 3 percent. The United States remains the undisputed leader in the arms race. The budget submitted to the U.S. Congress at the start of this year planned to increase the Pentagon's spending to \$184.4 billion in the 1982 fiscal year, that is, an increase of almost \$50 billion compared with the 1980 fiscal year (\$135.9 billion). The R. Reagan administration intends to spend an additional \$32.6 billion on military purposes in the 1981-1982 fiscal year.



The above-mentioned trends have led to a considerable strain on national finances and increased budget deficits everywhere. In the United States, for example, the federal budget has not been balanced once since the 1970 fiscal year, and the size of the deficits has approached the indicators of the WWII period. The overall deficit for the 1970-1980 fiscal years reached the astronomical level of \$370 billion. Record deficits were recorded at the end of the 1970's in Japan, Italy, Sweden, Britain and a number of other countries. The sharp increase in the ratio of the total budget deficits to GNP--a factor of 2-5 in the leading capitalist countries--serves as an indicator of the increasing instability of the financial system. The said ratio increased thus on average in the period 1973-1979 compared with the period 1977-1972: from 0.9 to 5 percent in Britain, from 5.5 to 11.8 percent in Italy, from 1.1 to 4.3 percent in Japan and so forth.<sup>9</sup> The customary method of covering the deficit--increasing the national debt--has created a constant strain on the loan capital market and has been a source of the accelerated emission of means of payment. The inflationary effect of the "deficit financing" of government spending is manifested not only in a spurring of effective demand but also in the withdrawal of resources from the sphere of productive application, suppliers' over-stating of prices in state contracts and so forth.

The influence of another mechanism of inflation--the jacking up of prices by major companies in sectors with a high level of concentration of production and capital--also increased considerably in the 1970's. In the modern capitalist economy the establishment of overstated comparative prices for products occupying an important place in economic turnover entails a general reordering of the price structure and lends impetus to upward price "drift". The connection between monopoly pricing and general price increases was reflected in the "administered prices" theory. Back in the 1930's the American economist G. Means discovered the considerable inflexibility of prices in the course of industrial cycles in a vast range of commodities and a lack of their normal reaction to changes in market demand. He expressed the supposition that the policy of the major companies in the monopolized sectors was manifested here. In controlling a product's market the monopolies establish prices which are to a considerable extent independent of the current state of supply and demand.<sup>10</sup> As distinct from prices in competitive markets, which fluctuate more or less freely, he termed such prices "administered," that is, determined at the discretion of the leaders of the major concerns. The thesis of price fixing under the conditions of a highly developed monopoly structure of an economy subsequently became widespread, particularly among Keynesian economists. Representatives of the neoclassical school, on the other hand, denied both the very fact of price inflexibility and also its role in the development of inflation.

The dispute surrounding "administered prices" flared up with new force in the 1960's-1970's. The practice of jacking up prices assumed extensive proportions with the increased power and influence of the major companies and their increased control over sectorial markets. The U.S. Congress has been compelled to repeatedly hold special hearings to study the practice of monopoly pricing.<sup>11</sup> It was reliably established, among other things, that the deliberate overstating of prices in the steel industry at the end of the 1950's and the start of the 1960's lent powerful impetus to a restructuring of evolved price proportions and increased inflation.

In establishing prices the major companies are usually oriented toward a targeted profit norm which will enable them to maintain their share of the market and provide

for the payment of high dividends, irrespective of changes in business conditions. What is most important in this practice is determining markups which guarantee that a preplanned profit is obtained given a standard volume of production. Prices in this event reveal a countercyclical movement: they rise particularly rapidly in periods of critical production slumps in order to make up for the reduced receipts from sold output.

The American economists H. Wachtel and P. Adelsheim conducted an interesting study.<sup>12</sup> They analyzed the changes in markups for a broad range of sectorial groups in the United States' processing industry in the period 1948-1970 and discovered that in periods of postwar recessions the markups in the monopolized sectors increased considerably more frequently than in the sectors with a relatively low level of concentration. The same also applies to the size of the markups. In the 1948-1949, 1953-1954 and 1957-1958 crisis periods the average markup increase in the above-mentioned sectors was 11, 14, and 13.5 percent respectively, whereas in other sectors the markups were reduced, as a rule, in response to the decline in demand. The following detail is also characteristic: differences in the pricing policy of individual sectors had diminished by the start of the 1970's. This was connected with the general leveling influence of inflation and also with a number of structural reorganizations such as, for example, the emergence of conglomerates, which contributed to the spread of monopoly pricing methods among the relatively small enterprises within their sphere of influence. The authors concluded that the "fundamental cause of inflation lies in the growth of economic concentration." The manipulation of markups engenders profit-push inflation. In their opinion, the sole dependable method of fighting inflation is the introduction of selective control over the prices of the companies which abuse price rises, particularly under recession conditions.

The proposition that the monopolized sectors are the main culprit of the steady rise in prices and increased unemployment was given a hostile reception by both the representatives of big business and the conservative wing of bourgeois political economy. The American economists H. De Podwin and R. Selden, for example, rejected Means' arguments about elements of "administered inflation" in the 1950's in a number of sectors of the United States: "approximately only 10 percent of the price increase in these sectors in 6 years (1953-1959--V.U.) can be explained by reference to concentration in industry."<sup>13</sup> But even having revealed the fact of the monopoly companies jacking up prices, their defenders endeavor to interpret empirical results such as to portray big capital not as the initiator but the "victim" of the inflation process. L. Weiss, for example, discovered, as distinct from the De Podwin and Selden, a positive connection between the level of industrial concentration and price dynamics in processing industry in 1953-1963. But he interpreted this fact as the monopolized sectors' "delayed reaction" to the "great inflation of the 1940's," the credit restrictions of the 1950's and the removal of price control after the Korean war.<sup>14</sup> S. Lustgarten, who has studied the question of the connection between concentration and inflation, claims that a result of the monopolies' policy could be a high, but not a growing general level of prices since a continuous growth of monopoly power is allegedly required for this.<sup>15</sup> Such an argument can hardly be taken seriously. As we said earlier, a series of consecutive price increases on key commodities could bring about a general "price drift" unconnected with an increase in the concentration of production and capital.

P. Cagan, who gravitates toward the monetarist camp, insistently pursues the idea that the major companies in the monopolized sectors serve, as a rule, merely as the "drive" of inflationary processes and are by no means the initiators of price rises. He writes in the recently published book "Persistent Inflation: Historical and Political Essays" that a trend toward lag and catchup is characteristic of "administered" prices and that the giant concerns merely "stretch" the inflation process in time, but do not head it.<sup>16</sup> Such an apologetic interpretation appears particularly contrived in the 1970's, when many monopolies (the oil monopolies, for example) obtained high profits precisely thanks to sharp price increases. Nor does this exclude, of course, the accelerated shifting of increased production costs onto the consumer.

The monetarists exonerate big capital, indicting for increased inflation only government policy and concentrating all their attention on the rapid increase in the means of payment in circulation. For example, the monthly of a major New York bank says: "...Every recent spurt of inflation has been preceded by a sharp increase in the surplus quantity of money. This fact could diminish the longing for the establishment of price control since if inflation is caused by monetary expansion, it cannot be determined by price increases in sectors with a high level of concentration." The journal concludes that the enterprises in highly concentrated sectors do "not lead the inflationary parade but lag behind in its rear."<sup>17</sup> The counterposing of "monetary" and "nonmonetary" sources of inflation is, of course, groundless: both causes are most closely connected and mutually conditioned. But the purpose of such polarization is clear--to absolve the monopolies of responsibility for price increases and prove the "lack of need" for the establishment of price control.

Inflation and economic difficulties have contributed to a sharp exacerbation of the struggle between labor and capital. Having been confronted with a continuous erosion of its income, the working class has resorted to the sole means of struggle for the preservation of its living standard at its disposal--the strike movement. The working people of a number of countries, particularly the West European countries, managed to achieve an increase in nominal wage rates in the 1960's and at the start of the 1970's and to neutralize for a certain time or postpone the negative influence of constant monetary devaluation. The bourgeois press was not slow in declaring the wage increases the main factor of an increase in costs and inflationary price rises.

The experience of the 1970's showed the groundlessness of these charges, however. An increasingly growing number of economists, sociologists and political figures was forced to acknowledge, like the Swedish professor E. [Damen], that "the biggest wage increases are usually in response to an actual or anticipated increase in the cost of living or taxes."<sup>18</sup> In Britain, where the bourgeois press made particularly active use of the "wages explosion" proposition as the cause of increased inflation, many experts revealed the purely defensive nature of trade union policy. It was shown that the inflating of prices is employed by businessmen deliberately to prevent an undesirable redistribution of income and to nullify the concessions wrested by the workers as a result of many years of struggle.<sup>19</sup> A cunning taxation system, which shifts the tax burden from the companies and persons with a high income onto the working people, also operates in this same direction. A great deal of comment was elicited, for example, by the work of a group of Cambridge scholars



which showed that a considerable proportion of the wage increases obtained by British workers in the period 1949-1970 had been withheld and transferred to the Treasury by way of the imposition of new taxes and reorganization of the tax structure whereas the taxation of profits in the same period had been sharply reduced.<sup>20</sup>

The events of the latter half of the 1970's are particularly convincing refutation of the proposition that wages are the "initiating factor" of inflation. In the United States, for example, the rate of wage increases systematically lagged behind the rise in prices. As a result of a sharp surge in prices real hourly wage rates in the United States declined 3.5 percent in 1975, which is equivalent to a loss of income of \$32 billion. A new spurt of inflation in 1979 again led to a reduction in the real rate of 3 percent and to the loss of a further \$45 billion in annual income.<sup>21</sup> In a number of other leading countries the increase in expenditure on pay in the cost of a unit of output has slowed considerably in recent years and could not have been the cause of the new wave of inflation of 1979-1980.<sup>22</sup>

Thus the Western press' attempts to equate the major companies and the unions, declaring them the holders of "monopoly manpower," as, equally, the conclusion connected with this that they are equally to blame for the increased prices, distort the actual situation in economy of contemporary capitalism. It is precisely the working people who are the main victims of inflation, which constantly cuts away at their real income, despite the increase in nominal wage rates. As far as the major capitalist companies are concerned, they possess, as we have seen, a polished mechanism of inflating prices which they use not only to shift increased production costs onto the consumers of their products but also to derive real financial gain under the flag of counteracting inflation.

#### "External Shocks" and the Role of the Monetary-Credit System in the Spread of Inflation

Among the causes of the intensification of the inflationary price rises currency and foreign trade factors have occupied a considerable place in recent years. They have been a kind of mechanism of the rapid spread of inflationary impulses and exerted a serious negative influence on the economies of the countries participating actively in international exchange.

An endeavor to exaggerate the significance of "external shocks" and to portray them virtually as the principal and decisive cause of world inflation is typical of bourgeois press organs. Such emphasis is not, of course, accidental. It reflects primarily the desire of the ruling circles of the West's industrial countries to absolve themselves of responsibility for the failures of anti-inflation programs and place the blame for the increased prices on the developing countries, which are the principal suppliers of raw materials and a number of foodstuffs. A wide-ranging propaganda campaign has been developed in the capitalist world in recent years aimed at making OPEC the scapegoat for the accelerated inflation and drawing attention away from the other causes of price rises. Various methods of pressure on the oil-producing countries have been employed here, even the threat of the use of military force and a troop buildup in the Persian Gulf region. An ever increasing number of political figures and economists in the West is coming to the conclusion that it has been the orientation of the United States and other industrialized countries toward massive oil imports which has contributed to the acute shortage of energy

resources on the world market and the rapid increase in the price thereof. As the American journal HARVARD BUSINESS REVIEW observed, "the mistaken policy of the United States has been the main cause of the increase in the price of oil."<sup>23</sup>

However, the majority of the representatives of bourgeois economic science makes use of references to "external factors beyond our control" as a pretext to justify the ineffectual nature of their theoretical models under the conditions of the stagflation of the 1970's. Analyzing the principal sources of the increase in prices in the United States over the past decade, J. Tobin writes: "These were predominantly not domestic prices but the prices of international trade commodities. They were prices of commodities heavily influenced by external supply and demand and also exchange rates. They were, undoubtedly, the price of oil, which is determined by a cartel of foreign governments, and the price of other energy carriers." He goes on to sum up: "Macroeconomic theory was not prepared for the international events of the 1970's. The theoretical models inherited from the 1960's proved a poor guide."<sup>24</sup>

It would be wrong, of course, to deny the increased influence of external factors on the functioning of national economic systems under the conditions of continuing currency upheavals, the scarcity of many natural resources, the exacerbation of the energy crisis and so forth. The impulses coming from the sphere of international economic relations have contributed to the synchronization of the processes of price increases in the world economy. But the developing countries, which are themselves the victims of a world inflation leading to the devaluation of their currency receipts, are to blame least of all here. Furthermore, in the majority of cases external factors were not the determining ones--they merely intensified the price increases engendered by the conditions of modern capitalist production and state policy.

At the end of the 1960's and the start of the 1970's the main role in "imported" inflation was performed by foreign exchange channels, whose action was determined by the system of fixed parities established by the Bretton Woods agreements at the end of WWII. All the capitalist currencies were at that time strictly "tied" to the American dollar, which, in turn, was artificially attached to gold. The burden of eliminating currency imbalances lay entirely with the United States' partners: they had to buy up large amounts of the American currency in order to prevent their currencies' exchange rates deviating from the established fixed parity to the dollar.

The transition in 1973 to "floating" exchange rates eased somewhat, but did not eliminate the influence of foreign exchange factors on the domestic economic situation. The hopes that currency arbitration would effectively equalize the exchange rates and liquidate the disproportions in the balances of payments were not justified. Both the prolonged process of the dollar's devaluation on the world foreign exchange markets and also the new outbreaks of the currency crisis testified that the imbalances are of a deep-lying, structural nature.

The destabilizing influence of "floating" exchange rates on domestic price forming is connected primarily with the fact that the devaluation of a currency in relation to the currencies of other countries leads to a rise in the price of imported commodities expressed in national monetary units. Consequently, in countries with



a weakened currency inflation, as a rule, intensifies.<sup>25</sup> Fearing the unfavorable consequences of sharp fluctuations of exchange rates, the central banks of the capitalist countries are compelled to systematically resort to intervention on the foreign exchanges and to buy and sell foreign currency. These transactions have an impact on the state of cash reserves and, correspondingly, on domestic monetary circulation. Since the introduction of "floating" currencies transactions in support of them by the leading capitalist countries have been valued at hundreds of billions of dollars, and the scale of the regulation had increased by the end of the 1970's, moreover. In 1978-1979 alone the United States bought and sold foreign currency to the extent of \$42 billion to support the dollar's exchange rate. Substantial transactions of a similar nature are performed by Switzerland, France, Italy and Sweden.<sup>26</sup> One of the capitalist world's strongest currencies--the West German Mark, which is the basis of the European currency system--was rocked in 1980. A new round of intervention on the foreign exchanges will undoubtedly exert a disorganizing influence on the economic policy of the main Western countries and the state of the financial markets and be reflected in domestic price dynamics.

Since the mid-1970's "imported" inflation has increased as a consequence of the rapid increase in world prices of raw material, energy carriers and foodstuffs. The overall index of export prices for all types of raw material increased by a factor of almost 7 in the past decade, including an increase by a factor of more than 20 for crude oil. "The era of cheap raw material and fuel" is over, and this change has had far-reaching consequences for the economies of the imperialist countries, which are oriented toward an abundant influx of imported raw materials at low prices.

The causes of the increase in world prices have been illustrated in detail in our press.<sup>27</sup> But we are interested in the degree of influence of these processes on domestic price forming. It is difficult to assess this influence owing to the variety of potential channels of influence of world prices<sup>28</sup> and also owing to the appreciable differences in the reaction of national economic systems to the changes in the conditions of foreign markets.<sup>29</sup>

Japan is an example of a country where the influence of world prices is felt particularly keenly. The proportion of imported raw material and fuel is very high here: it is sufficient to say that the Japanese economy obtains 90 percent of its energy resources from overseas. Calculations show that domestic wholesale prices for raw material respond the most rapidly to an increase in world prices--the time lag is only 3-4 months. Shifting the increased costs onto wholesale and retail consumer prices takes 12 months and more.<sup>30</sup> During the acute outbreak of the 1972-1974 raw material and energy crises from one-third to one-half of the increase in domestic wholesale prices in Japan was connected with the increase in the price of imported raw material. The peak of the price rises came in 1974, when wholesale prices rose 23.3 percent and retail prices 24.3 percent. The new exacerbation of the energy problem brought about by the sharp increase in the price of oil in 1979-1980 again led to a rapid increase in wholesale prices: they rose 7.3 percent in 1979 (raw material commodities and fuel by 23.2 percent), but in the first quarter of 1980 the rate of price increases (on an annual basis) rose to 21.2 percent, including an increase of 70.4 percent for raw material.<sup>31</sup> After a certain interval, this is usually followed by an increase in retail prices. At the same time the economies of other countries react to an increase in world prices to a lesser extent. According to material of the Joint Economic Commission of the U.S. Congress, of the

18.6-percent increase in consumer prices in the period from the third quarter of 1971 through the second quarter of 1974 only 4.5 percent or less than one-fourth may be attributed to the increased costs of imported raw material. The increase in the price of substitute commodities was also taken into consideration here.<sup>32</sup>

The influence of external factors on domestic prices is very appreciable for the majority of industrially developed countries as a whole. In combination with other seats of price increases they have contributed to a sharp increase in the rate of inflation.

While emphasizing the multiplicity of causes of the persistent trend toward increased prices in the capitalist countries we must at the same time point to the exceptionally important role performed in the development of the inflationary process by the capitalist countries' present-day monetary-credit system. Monetary circulation links together, acts as the intermediary for and "sanctions" the effect of the various factors of price increases. Whatever the origin of the "inflationary impulse," it may be manifested under the conditions of the domination of commodity-money relations only through changes in effective demand. If the banking system supplying means of payment does not ensure the necessary increase in the money supply (with regard for the need of firms and the population for reserve cash residues and the ceiling of the velocity of circulation), some of the potential demand for commodities cannot be realized, just as, equally, commodities will not be sold at overstated monopoly prices. In this event either a price increase will not occur at all or it will be short-lived. On the other hand, if surplus money (at a given level of prices and volume of payments) is regularly put into circulation, this will lead to augmented demand and will increase the pressure on commodity prices.

The disproportions in the monetary sphere may be of an active and "reflected" nature. In the first case surplus monetary emission serves as a "launch mechanism" of another round of inflation, in the second monetary circulation "sanctions" the price increases which have occurred for nonmonetary reasons. Since the war the central banks of the majority of industrially developed countries have been oriented toward support for Keynesian programs of stimulating economic growth and, as a rule, have generously "fed" turnover with means of payment, which has allowed prices to rise unhindered.

Owing to the multiplicity of causes of inflation, the complexity of its mechanisms and various extensions and lags in reproduction processes, we often cannot reveal a direct link between the accelerated issuance of money and price increases. Many facts indicate, however, that the capitalist countries' monetary systems have not only passively acted as intermediary for price increases but also are in many instances the direct initiators of increased inflation. The 1970's were characterized by a high rate of monetary emission. At the same time the rapid rise in interest rates, the acceleration of settlements thanks to the extensive application of the latest computers in the banks, the inflationary devaluation of money and certain other factors have reduced the demand for cash residues and led to a relative reduction in the monetary requirements per unit product. Such disproportions have been a nutrient medium for a general increase in prices and have played a considerable part in the increased inflation in the capitalist world.<sup>33</sup>

## Stagflation and the Crisis of Neo-Keynesian Plans of Economic Regulation

Prior to the 1970's, the idea of the secondary role of price stabilization in the strategy of state-monopoly regulation of the economy prevailed in the Western countries. This approach corresponded to the general spirit of Keynesian economic doctrine, which was predominant in the bourgeois theoretical analysis of that period. The supporters of this direction saw the main threat to capitalism in the inadequate level of demand for investment and consumer commodities, which would lead to stagnation and economic recession. "Controlling demand" constituted the core of all economic policy. Inflation in this system of views, on the other hand, is a byproduct of a high level of employment and production and a kind of payment for economic growth.<sup>34</sup>

The American modification of neo-Keynesian models of economic regulation which was extensively advertised in the 1960's and which was named the strategy of "activism" and "quick response" carried a particularly powerful "inflationary charge". As distinct from the anticyclical programs of past years, the initiators and inspirers of "activism"—W. Heller, A. Okun, J. Tobin, G. Ackley and other top U.S. economists—put forward and began to implement the idea of the nation's mass preventive measures to ensure a stable growth rate and the use of all latent possibilities for the development of the economy. They called here for a fetish not to be made of stable prices since the costs of inflation are considerably exceeded by the tremendous losses as a result of the underutilization of production capacity and labor resources.

The idea of a measured dose of inflation as the reverse side of "prosperity" was graphically expressed in the concept of the "compromise" of macroeconomic goals based on the presumed stable dependence between the level of unemployment and the rate of price increases. Postwar national programs of economic policy in all the industrially developed countries declared in this form or the other the task of ensuring a high level of employment while preserving "reasonable price stability". The possibility of such a "compromise" was usually demonstrated with the help of Phillips' curve.

Western economic thought evaluated Phillips' curve enthusiastically, declaring it virtually the most outstanding theoretical achievement since the war. The proposition that the higher the rate of inflation, the less unemployment and, conversely, the slower the growth of prices, the more people lose their jobs blended in as well as could be with the Keynesian prescriptions of driving up effective demand for an increase in production and employment leading to increased inflationary pressure. It was recommended that the practitioners of economic regulation "slide" along the curve and select the combination of inflation and unemployment rates which corresponded to the chosen policy goals and priorities. If, for example, it was desirable to appreciably increase the level of production with the help of expansionist measures, it was necessary to sacrifice price stability, permitting an acceleration of inflation here. If, on the other hand, the need arose to cool off the economy and brake price increases, this could be achieved by cutting back on production and employment. Calculations based on Phillips' curve seemingly promised a simple and reasonable solution to the problem of conflicting goals.<sup>36</sup>



An analysis of government measures of economic regulation in the 1950's-1960's shows as clearly as can be that not one leading capitalist country managed to achieve the sought-for balance. Price stability was, as a rule, sacrificed to other economic and political goals. Anti-inflationary measures were undertaken fitfully, unsystematically and in great haste and were immediately canceled in accordance with the "quick response" principle as soon as signs of a deterioration in business conditions and economic downturn appeared. Continuous price increases became a "way of life" and took deep root in the reproduction mechanism. As a result the orientation toward an inevitable acceleration of the rate of inflation in the future began to seriously influence the behavior of economic agents--capitalist companies and individual participants in economic turnover.

In order to make macroeconomic levers of the regulation of demand available to stimulate the economy the Keynesian programs were supplemented with an "incomes policy," which was given the task of regulating price formation at the microlevel. This policy amounted to a voluntary or compulsory limitation of prices and wages.

The experience of the application of administrative methods of price regulation in a number of large and small West European countries (Austria, Holland, the Scandinavian countries, Italy and Britain) and also in the United States in the period 1971-1974 testifies to their insufficient effectiveness in the fight against inflation. The application of these methods was accompanied, as a rule, by a sharp rise in social tension and class conflicts. Sooner or later the "incomes policy" led to a wage "freeze," whereas price control was not of a strict and all-embracing nature and permitted a multitude of loopholes for concealed or manifest price increases. An important part in the cancellation of "incomes policy" everywhere by the mid-1970's was also played by the dissatisfaction of big monopoly capital, which regarded the methods of administrative intervention in the price-forming process as subversion of the hallowed principles of "free enterprise".

The conservative wing of bourgeois economic science in the form of the supporters of monetarist doctrine rejected the philosophy of "activism" and the nation's increased regulating impact on the production process. This criticism was leveled from reactionary positions. Its supporters attempted to prove the ruinous outcome of maintaining a high level of employment and a rapid rate of economic development and demanded that they be excluded from the list of macroeconomic goals.

The head of the American monetarists, M. Friedman, opposed the "compromise" of goals and the possibilities of a permanent balance between moderate inflation and full employment. He put forward the idea of a "natural level of unemployment" which is allegedly strictly determined by the conditions of the labor market and cannot be changed by measures of government policy.<sup>37</sup> He believes that the efforts aimed at achieving higher employment with the aid of the traditional budgetary and credit methods of spurring demand can at best exert only a short-term and transitory influence on the real factors of production. Such a policy ultimately leads merely to increased prices. According to Friedman, over the long term Phillips' curve assumes the form of a vertical line, which testifies to constantly increased inflation with a stable level of unemployment.

A big role in his arguments is assigned to inflationary expectations, that is, the assumptions concerning future price rises taking shape in the minds of the

participants in economic turnover. Monetarists claim that these expectations are of an adaptive nature, that is, are based on past experience and depend entirely on the rate of the price changes in preceding years. The faster money is devalued today, the more rapid the price increases which are to be expected in the future. Under the conditions of deep-seated inflation the agents of capitalist production, who are oriented not toward nominal but real (with regard for monetary devaluation) income, are beginning to take impending price rises into consideration to an increasingly great extent. The distributive and stimulating effects of inflation weaken sharply as the "monetary illusion" is dispelled. In order to stimulate them the nation endeavors to bring about a sudden rise in prices, that is, one that has not been taken into consideration in agreements and contracts. It is therefore compelled to resort to increasingly large doses of deficit financing. Friedman's theory has been called the "acceleration doctrine," that is, the doctrine of constantly accelerating rates of inflation. In order to break out of the vicious circle, Friedman and his colleagues demand an end to the "senseless" policy of the stimulation of demand and the orientation toward maintaining a high level of employment.<sup>38</sup>

Endeavoring to preserve the idea of the "compromise" of goals, which constitutes the foundation of "activist" strategy, its supporters abandoned the interpretation of Phillips' curve as a stable long-term relationship and concentrated attention on the supposed positive influence of inflation on employment in the short term.

Adjustments were made to the calculations of the curve's parameters to take account of monetarist criticism and the influence of inflationary expectations.<sup>39</sup> But no theoretical devices were to justify the hopes. The stagflation of the 1970's demonstrated the simultaneously strong deterioration of both key indicators, which completely ruled out the possibility of government maneuvering at a cost of a further increase in inflation. Instead of an even curve convex to the start of the coordinates, intricate loops began to take shape on the graphs characterizing the correlation of the inflation rate and the changes in employment, which testified to the chaotic nature of the fluctuations and the absence of stable connections between the said parameters.

The reaction of bourgeois establishment economists to the failure of the neo-Keynesian theoretical outlines was panic. N. Kaldor, the well-known supporter of Keynesian views, wrote of the 1974-1975 economic crisis: "Nothing similar had ever occurred before in peacetime. I mean inflation of such a scale, which embraced not one or two countries but all the world's leading industrialized countries. Another unique feature of this inflation was the fact that it was accompanied by a marked slump in production.... This slump was accompanied by a level of unemployment which had not been observed since the 1930's. The combination of inflation and recession is a new phenomenon which confronts economists with an intellectual challenge."<sup>40</sup>

Stagflation has clearly revealed the profound interconditionality of the deep-seated process of continuous price increases with a deterioration in the overall conditions of the reproduction process. The upheavals of the 1970's gave rise to profound pessimism in the main capitalist countries concerning the prospects of economic development and the capacity for applying the brakes to inflationary processes. Investments in fixed capital came to be regarded as a risky and unreliable



undertaking. The increased prices of industrial raw materials and energy resources, the sharp increase in the costs of equipment and machinery, considerable expenditure on nature conservation measures--all these phenomena have exacerbated the problem of capital investment. Inflation has sharply increased not only the capitalist companies' current expenditure but also the cost of the replacement of obsolete equipment. Devaluation of the depreciation fund and the need for additional appropriations for these purposes have reduced the possibilities of capital investment for expanding production. At the same time the decline in the profitability of a number of production facilities and the uncertain prospects of economic development have contributed to a winding up of programs for an increase in capacity.

As a result there has been a considerable deterioration in capitalist companies' financial position. This has been expressed in the rapid growth of debts and a decline in the proportion of internal accumulations in the overall amount of investment capital. According to American financial flow statistics, the share of external sources of financing of U.S. nonfinance corporations (not counting new stock issues and commercial credit) in total gross capital investments amounted to 48.2 percent in the period 1976-1979 compared with 28.7 percent in the period 1961-1965. The ratio of external to internal sources of financing in this period increased from 0.40 to 0.93.<sup>41</sup> A similar situation has also been observed in other industrially developed countries. According to OECD data, the ratio of external to internal sources of company financing (counting stock) increased from the period 1960-1965 to the period 1970-1973 from 0.88 to 1.30 in Britain, from 1.24 to 2.35 in the FRG, from 3.01 to 3.31 in Japan and so forth. Another indicator of financial strain--the ratio of the increase in debt obligations to new stock issues--increased in the above-mentioned years by a factor of 3.6 in Japan, 2.2 in the FRG and so forth.<sup>42</sup>

The long-standing process of monetary devaluation has increased the strain on the loan capital markets. A decline in the savings norm and a sharp rise in market interest rates has been observed in many countries. In combination with the immobilization of huge financial resources to cover the increased national budget deficits these problems have complicated even further the problem of the financing of capital investments and led to a deepening of crisis phenomena and an increase in the number of bankruptcies. Thus the increase in commodity prices has contributed to a sharp deterioration in the economic situation and the emergence of mass unemployment.

Having exacerbated to the utmost the reproduction and social contradictions in the capitalist countries, stagflation has inflicted a devastating blow on the "activist" plans of "controlling demand," which have not only proved incapable of overcoming the development of critical slumps but, on the contrary, have clearly contributed to the unleashing of inflationary chaos and the loss of control over the growth of commodity prices. A new agonizing reappraisal of values has begun in bourgeois political economy. Pointing to the increased pessimism in respect of the nation's economic programs, the American R. Gordon observes: "...The balance of opinion in economic science in the past decade changed sharply--from a widespread faith in the stabilizing potential of discretionary monetary and fiscal policy to a universal suspicion that such an intervention policy is, possibly, incapable of providing any benefits."<sup>43</sup>

Under the conditions of the sharp exacerbation of inflation there has been a marked galvanization and an increase in the influence of the monetarist school, whose supporters for many years pointed to the serious inflationary consequences of expansionist economic policy programs. Rejecting the practice of the frequent engagement of "accelerators" and "brakes" typical of current government measures in the majority of industrially developed countries, the representatives of monetarism make the principle of "a constant rate of increase in the money supply" the cornerstone. National policy must, in their opinion, be based on the most simple and intelligent rule--an even, smooth and strictly measured increase in the sum total of means of payment in operation of 3-5 percent per year, irrespective of the state of the market and the phase of the industrial cycle. Of course, in this connection the Keynesian tactic of the rapid shifting of the levers for "controlling demand" should be abolished.

The influence of these recommendations on practical forms of economic policy led to the adoption by the majority of countries in 1974-1975 of the so-called targeting of monetary aggregates. The essence of this form of regulation is that the central bank announces in advance the permissible growth rates of the money supply or credit transactions for the coming period. The reference point is usually expressed by a "Y," which determines the upper and lower limits of the growth of monetary indicators. Consequently, although Friedman's prescription for a stable and moderate rate of increase in the money supply was not adopted in pure form, the majority of countries were compelled to introduce formal restrictions on monetary emission.

The targeting of monetary aggregates was not, however, an effective means of fighting inflation. Control over the money supply was of a fictitious nature. The frequent changes in reference points, the broad "Y's" of the permissible growth of money aggregates and, finally, the noncompulsory nature of the restrictions which were introduced--all this testifies that it is not the money supply which is regulated by targeting but that the targeting itself "tunes itself" to the spontaneous increase in the emission of money. It is not surprising that targeting has had practically no effect on the inflationary process. As the British economists N. Kaldor and J. Trevithick recently fairly observed, "there is no evidence that inflation has slowed anywhere as a result of a policy of establishing reference points for the rate of growth of the money supply."<sup>44</sup>

At the present time, when the rate of the development of inflation in the majority of the West's industrialized countries has passed beyond all traditionally permissible bounds and the ruinous influence of price increases is being reflected increasingly strongly in the population's living standard and the functioning of the reproduction mechanism, the strike forces of bourgeois economic science have been mobilized to fight this phenomenon. Government leaders and international economic organizations are persistently stating over and over the need to apply the brakes to inflation as the most important and priority task of today's economic programs of the bourgeois state. But, as before, an effective medicine against inflation has not been found.

Numerous supporters of Keynesian doctrine in the academic world and the government machinery reject the monetarist policy of "strict deflationary pressure," pointing to the ruinous consequences and ineffectiveness of the concentrated cutback in monetary demand in the fight against "structural inflation".<sup>45</sup> New versions of "incomes policy" are being put forward as an alternative.<sup>46</sup>

At the same time the accession to power of rightwing parties in a number of leading countries of world capitalism has expanded the sphere of the practical application of monetarist recommendations, particularly counteracting inflation by way of limiting budgetary expenditure and slowing the growth of the money supply. The entire capitalist world has followed with particular attention the monetarist experiments of the M. Thatcher government, which came to power in April 1979. Thatcher attempted to apply the whole set of monetarist methods—a policy of cutting down budgetary expenditure, primarily appropriations for social purposes, limiting the money supply and reducing taxes on businessmen to encourage capital investments. The results have been pitiful: in 20 months of the Conservatives' rule the rate of inflation has increased even more (from an annual 10.1 percent to 15.1 percent), while unemployment has risen from 5.5 to 8.8 percent. As the American BUSINESS WEEK wrote, "the situation is so bad that many businessmen are wondering what will be left of British industry if the Thatcher experiment continues."<sup>47</sup> Thatcher's monetarist advisers blame for the failures the Bank of England, which, according to them, is continuing to follow Keynesian principles of regulation and is oriented toward stabilization of the interest rate and not the money supply. But the true cause of the policy's ineffectiveness is the serious state of the British economy and the complex interweaving of inflationary factors, which cannot be eliminated with the aid of a "monetary squeeze".

The R. Reagan administration has also embarked openly on "monetarist tracks". Among the advisers of the new administration, which took office this January, is a multitude of prominent monetarists, including such "stars of the first magnitude" as M. Friedman and A. Meltzer.

Reagan's economic program, which was made public on 18 February, is a kind of hybrid of monetarist prescriptions (a reduction in the size of the budget, stabilization of monetary emission and so forth) with recommendations of supply-side economics, which is rapidly gaining in popularity. The latter represents a neoclassical alternative to the Keynesian methods of "controlling demand". Its goal is the encouragement in every way possible of the production of goods and an increase in labor productivity. Programs for development of the energy base, retraining manpower and other measures in the sphere of production factors usually figure among the components of the policy of "encouraging supply". But the central role has been assigned tax incentives, which are intended to increase savings and revive capital investment. Reagan's "shock therapy"—a threefold 10-percent tax reduction over the next few years beginning 1 July 1981—is based on these recommendations. The prosperous strata of the population (to encourage savings) and the corporations (to stimulate investment) are to obtain the main benefits from these measures.<sup>48</sup> Among other things, it is proposed to lower the upper limit of the taxation of high incomes from 70 to 50 percent.

The superoptimistic forecasts of the rapid recovery of the economy and a halt to the inflationary process are, however, causing serious doubts in the majority of Western observers. They are particularly skeptical toward the proposition of the anti-inflationary effect of stimulating production. As L. Gramley, member of the Federal Reserve System's Board of Governors, observed, "there is no guarantee that increased labor productivity will automatically involve a reduction in the rate of inflation."<sup>49</sup> He cites the example of France, which, despite a high rate of growth of labor productivity in the period 1974-1979, has occupied one of the leading positions among the industrially developed countries in the rate of inflation. In



Gramley's opinion, the best the Reagan administration can hope for in the result of tax reform is an annual 1-point drop in inflation at a cost of a \$25 billion annual drop in federal budget revenue. If it is considered also that the new administration is simultaneously planning a huge increase in military spending and has lifted all restrictions on price increases for gas and petroleum products inside the country, the prospects of the fight against inflation appear very dim.

As a whole, current inflation has occupied a firm and long-standing place among bourgeois society's most acute and almost insurmountable contradictions. The working people of the capitalist countries reject the attempts to solve the problem of stabilizing the economy by way of a systematic cutback in their living standard. The exacerbation of the struggle between labor and capital will undoubtedly greatly influence all subsequent anti-inflationary programs to be put forward by the governments of the capitalist countries.

#### FOOTNOTES

1. H. Wallich, "Stabilization Goals: Balancing Inflation and Unemployment (THE AMERICAN ECONOMIC REVIEW, May 1978, p 159).
2. But recent data point to a sharp new rise in wholesale prices in 1979-1980, which will inevitably be followed by a general rise in the costs of consumer goods.
3. A certain role in maintaining a comparatively low rate of inflation in these countries has been performed by a steady rise in their currencies' exchange rate on the world foreign exchange markets.
4. P. Cagan, "Persistent Inflation: Historical and Political Essays," New York, 1979, p 7.
5. "The Budget of the United States Government. Fiscal Year 1969," p 540; Ibid., Fiscal Year 1981, pp 602-605.
6. The Medicaid and Medicare programs, which were introduced in the United States in 1966 and which are designed to render medical assistance to senior citizens and persons with a low income, may serve as an example. These programs afforded private medical institutions an opportunity to sharply increase the cost of medicine and treatment charges. Great abuses have been revealed here. The magazine U.S. NEWS AND WORLD REPORT points to numerous instances of overstating the cost of analyses, the incorrect making up of bills, the collection of fees for long-deceased patients and so forth. According to the most cautious estimates, up to \$8 billion or one out of every six dollars for the said programs are lost annually as a result of the abuses (U.S. NEWS AND WORLD REPORT 4 June 1979, p 43).
7. See for more detail I.M. Sheyman, "Sociocultural Consumption Funds Under the Conditions of Present-Day Capitalism" (IZVESTIYA AKADEMII NAUK. SERIYA EKONOMICHESKAYA No 5, 1976).

8. "Statistical Abstract of the United States," 1976, p 328; 1979, p 367.
9. Calculated from INTERNATIONAL FINANCIAL STATISTICS for the different years.
10. G.C. Means, "Industrial Prices and Their Relative Inflexibility" (U.S. Senate Document 13, 74th Congress, 1st Session, Washington, 1935); "The Structure of American Economy," Part 1. Basic Characteristics, National Resources Committee, Washington, 1939.
11. "Hearings on Administered Prices," Part 9. Senate Subcommittee on Antitrust and Monopoly, Washington, 1959.
12. H. Wachtel, P. Adelsheim, "How Recession Feeds Inflation: Price Markups in Concentrated Industries" (CHALLENGE, Sep-Oct 1977, pp 6-13).
13. See H. De Polwin, R. Selden, "Business Pricing Policies and Inflation (JOURNAL OF POLITICAL ECONOMY, April 1963, p 124).
14. L. Weiss, "Business Pricing Policies and Inflation Reconsidered (JOURNAL OF POLITICAL ECONOMY, April 1966, p 106).
15. S. Lustgarten, "Industrial Concentration and Inflation," Washington, 1975.
16. P. Cagan, op. cit., pp 28-29.
17. MONTHLY ECONOMIC LETTER CITIBANK, October 1977, pp 13, 15.
18. NATIONAL WESTMINSTER BANK QUARTERLY REVIEW, November 1973, p 19.
19. See "Inflation: What Is the Cause. Is There a Way Out?" Labour Research Dept. Publications, London, 1973, pp 7, 19.
20. Thus in the period 1964-1968 of the 6.8 percent nominal wage increase, 4.1 percent was "eaten up" by increased prices and a further 2 percent by increased taxes, in the period 1968-1970 of a total increase of 10 percent, 6.4 percent and 2.3 percent respectively (D. Jackson, H.A. Turner, F. Wilkinson, "Do Trade Unions Cause Inflation?" University of Cambridge, Occasional Paper 36, 1975, p 32).
21. J. Tobin, "Stabilization Policy Ten Years After" (BROOKINGS PAPERS ON ECONOMIC ACTIVITY No 1, 1980, p 32).
22. In the FRG, for example, the rate of increase in wage rates had fallen by a factor of 2.5 compared with 1974. On the other hand, "income from property and business increased (in 1979—V.U.) 9.5 percent, that is, far more than the compensation of wage earners" ("Germany," OECD, Paris, July, 1980, p 20). The proportion of wages in national income has fallen (from 72.6 percent in 1974 to 70.9 percent in 1979). Calculations show that the burden of "imported inflation" is borne entirely by the workers (ibid., pp 19-20). In Japan the increase in wages has also declined considerably, despite the rapid increase in labor productivity. This led to a drop in the proportional expenditure on pay in a unit of output of 2.6 percent 1978, 1.6 percent in 1979 and 3.2 percent in the first quarter of 1980 ("Japan," OECD, Paris, July 1980, p 22).



23. B. Scott, "OPEC, the American Scapegoat" (HARVARD BUSINESS REVIEW, Jan-Feb 1981, p 6).
24. J. Tobin, op. cit., pp 27, 29.
25. For example, of the 73-percent jump in the costs of imported raw material in Japan in 1979, 23 percent was connected with the sharp devaluation of the yen and the drop in its exchange rate on world markets ("Japan," OECD, July 1980, p 18).
26. "IMF Annual Report, 1980," p 43. For example, in 1979 the foreign currency transactions performed by the Swedish Riksbank to soften the decline in the kronor's exchange rate owing to a poor balance of payments amounted to 12 billion kronor ("Sweden," OECD, July 1980, p 28).
27. See the article by S. Nikitin, "World Prices: Problems and Prospects" (MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 1, 1981, pp 34-47).
28. The price of imported goods used in final consumption directly influences domestic prices. Furthermore, world prices are reflected in the prices of local commodities through production costs, the increased prices of substitute commodities, the multiplication effect of the accelerated development of the export sectors and so forth.
29. A country's dependence on imports and its capacity for "liquidating" the influence of external factors thanks to the production of substitute commodities and various protectionist measures are of great significance.
30. "Japan," OECD, pp 20-21.
31. Ibid., pp 19, 49.
32. R. Berner, J. Clark, J. Enler, B. Lowrey, "International Sources of Domestic Inflation" (U.S. Congress. Joint Economic Committee. Paper No 3 of Studies in Price Stabilization and Economic Growth. 94th Congress, 1st Session, Washington, 1975, p 5). Cagan assesses the influence of import prices in this period as being stronger: according to his calculations, up to 40 percent of the increase in domestic wholesale prices in the United States is connected with this (P. Cagan, "Imported Inflation 1973-1974 and the Accommodation Issue," JOURNAL OF MONEY, CREDIT AND BANKING, February 1980, p 4).
33. For more detail on the problem of the surplus nature of monetary circulation see "Sovremennaya inflyatsiya: istoki, prichiny, protivorechiya" [Present-Day Inflation: Sources, Causes and Contradictions], Moscow, 1980, pp 59-72.
34. One of the most prominent representatives of neo-Keynesian doctrine, P. Samuelson, wrote in his popular handbook on political economy: "Many economists believe that in a country with a modern mixed economy like the United States in the 1960's absolute price stability could serve as an impediment to high employment and growth. They believe that to fully halt the slow increase in prices it would be necessary to bring about an economic standstill" ("Ekonomika" [Economics], Moscow, 1964, p 791).

35. In its original form this curve reflected the statistical correlation between the changes in wage rates and the level of employment in Britain's processing industry in the period 1861-1957. Subsequently it came to be interpreted more generally as an expression of the stable connection between the rate of the development of inflation and the unemployment rate. Unemployment was interpreted here as a kind of indicator of the state of effective demand, and changes in the level of wages as an indicator of inflationary pressure.
36. A. Phillips, for example, suggested at the start of the 1960's that price stability in Britain could be ensured with an unemployment rate of 2.5 percent, and of 7.8 percent in the United States (A. Phillips, "Employment, Inflation and Growth," *ECONOMICA*, February 1962). Taking the calculations of the parameters of Phillips' curve as a basis, in 1962 the U.S. President's Council of Economic Advisers began to orient themselves toward a 4-percent level of unemployment, which, it believed, corresponded to "an acceptable inflation rate of an annual 4 percent" (J. Tobin, "The New Economics One Decade Older," Princeton, 1974, pp 16-17).
37. See M. Friedman, "The Role of Monetary Policy" (*THE AMERICAN ECONOMIC REVIEW*, March 1968); "Nobel Lecture: Inflation and Unemployment" (*JOURNAL OF POLITICAL ECONOMY*, June 1977).
38. Another branch of monetarism--the theory of "rational expectations," where the formation of ideas about price dynamics is connected not with past experience but with all available information, enabling a judgment to be made about the future inflation rate--has also been developed in recent years. Within the framework of this outline national policy of stimulating employment with the help of "a measured dose of inflation" proves utterly ineffective (R. Lucas, "Econometric Policy Evaluation: A Critique 'The Phillips Curve and Labor Markets,'" ed. by K. Brunner and A. Meltzer, Amsterdam, 1976; T. Sargent and N. Wallace, "Rational Expectations and the Theory of Economic Policy," Minneapolis, 1975).
39. In particular, the indicator of the discrepancy between the actual and anticipated inflation rate has come to be used instead of the rate of price changes in constructing the Phillips curve (expectation-augmented Phillips curve).
40. N. Kaldor, "Inflation and Recession in the World Economy" (*THE ECONOMIC JOURNAL*, December 1976, p 704).
41. Calculated from "Flow of Funds Accounts, 1946-1975," Washington, 1976, pp 16-18; *FEDERAL RESERVE BULLETIN*, September 1980, pp 684, 687.
42. "Towards Full Employment and Price Stability," A Report to the OECD by a Groups of Independent Experts, Paris, OECD, 1977, p 166.
43. R. Gordon, "What Can Stabilization Policy Achieve?" (*THE AMERICAN ECONOMIC REVIEW*, May 1978, p 335).
44. N. Kaldor, J. Trevithic, "A Keynesian Perspective on Money" (*LLOYDS BANK REVIEW*, January 1981, p 13).

45. The frightening figures of the presumed losses of gross product as a result of anti-inflationary measures received wide publicity. A. Okun, for example, pointed out that a reduction in inflation in the United States of just one point would cost the country \$200 billion of lost output (BROOKINGS PAPERS ON ECONOMIC ACTIVITY No 2, 1978, p 520). R. Gordon cites a figure of \$1 trillion (!) as the payment for a "significant" reduction in the inflation rate (BROOKINGS PAPERS ON ECONOMIC ACTIVITY No 1, 1977, p 277).
46. The press extensively discusses different versions of tax-based incomes policy. This measure amounts to a system of tax penalties on businessmen who allow too large an increase in wages for their workers or, on the other hand, tax rebates for those who increase wages less than the officially recommended limits. See A. Okun, "The Great Stagflation Slump" (CHALLENGE, Nov-Dec 1977); H. Wallich, "Stabilization Goals: Balancing Inflation With Unemployment" (THE AMERICAN ECONOMIC REVIEW, May 1978).
47. BUSINESS WEEK, 1 December 1980, p 107.
48. The encouragement of "business initiative" and protection of the incomes of the ruling classes are the most important aims of supply-side theory (See K. Jameson, "Supply-Side Economics: Growth Versus Income Distribution," CHALLENGE, Nov-Dec 1980, p 30).
49. L.E. Gramley, "Supply-Side Economics: Its Role in Curing Inflation" (VOICE, November 1980, p 4).

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## INTERNATIONAL

### SUMMARIES OF FOUR ARTICLES FROM POLITICAL JOURNAL

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in English No 4, Apr 81  
(signed to press 13 Apr 81) pp 158-159

[Text] In the article, "The 26th CPSU Congress and the World Revolutionary Process" V. Zagladin examines theoretical and practical importance of the documents of the 26th CPSU Congress for the appreciation of the main results, features and prospects of the current revolutionary process. The author, basing his arguments on the materials of the Congress, real facts and data, convincingly demonstrates the successes of the socialist community in economic, political and social spheres, positively influencing the general world situation and the conditions of the struggle of all the revolutionary forces of nowadays. The evident progress of the national liberation movement is manifested by the increase in a number of the countries of non-capitalist mode of development, by the definite determination of the majority of the developing countries to achieve genuine economic and political independence. The working class of the non-socialist world has also consolidated its positions and continues to wage the determined struggle against the domination of monopolies, militarist and reactionary forces for the rights of the broad masses and social progress. Further examination of the general and specific features of the developments of the past decade enables the author to stress the importance of the broad democratic movements and trends for social progress all over the world. During the 70s the role of democratic, anti-imperialist, progressive and peace-loving forces has greatly increased, the social and political spectrum of their participants has significantly expanded. The extension of the framework of the current revolutionary process, the increase in numbers of its supporters, the growing involvement of numerous groups of population though still standing aside from the socialist ideas, but struggling for peace confirm the main conclusion of the article: the world revolutionary process notwithstanding the difficulties confronted, and a temporary retreat of some of its forces continues to quicken its pace and to make fresh advances.

The article "Disarmament a Key Director of the World Politics" (by A. Svetlov) sums up the results of the struggle of the Soviet Union for strengthening peace and restriction of the arms race. The Soviet Union has made more than 100 proposals on curbing the arms race--a number of them have been realized. The author states that limitations and reduction of strategic armaments is a paramount problem. The USSR--as it was confirmed at the 26th Congress of the CPSU--is ready to continue relevant negotiations with the U.S. without delay on strategic arms limitations and reductions, preserving all the positive elements that have so far been achieved in this area. The Soviet Union has called to freeze the existing level of medium

range nuclear missile weapons in Europe for both the NATO countries and the USSR. The Soviet Union stands for extending confidence building measures. The author comes to a conclusion that negotiations run into the sand when the West tries to get one-sided military advantages. The negotiations can be conducted successfully only on the basis of equality and equal security.

E. Kuzmin has written his article "Fabrications of Anticommunists and the Truth of Life" (Ideological Struggle on the Problem of Human Rights) to expose the essence of the much rumoured campaign of "human rights protection" justly believed to be a subversive ideological action of the imperialist forces and their stooges designed to undermine the workers masses' confidence in the Marxist-Leninist teaching, to avert the peoples from the ideals of socialism. The author's analysis of the bourgeois and revisionist approaches to the problem of the role and importance of an individual in human society makes it possible to show that all the "theoretical" attempts are undertaken to convince the public in greater alienation of a person under socialism than under capitalism. The communists, however, are not inclined to avoid polemics on human rights. The socialist system does not only declare political, social, economic, personal and other rights, it fully secures their implementation; true democracy and genuine humanitarianism are incompatible with economic and social inequality, national and racial discrimination inherent in the capitalist system. One of the most important lines of the further development of socialist democracy, consistently put in practice by the Communist Party and the Soviet Government, consists in the expansion of rights and liberties, further deepening of their meaning and introduction of additional material, legal and political guarantees. The socioeconomic rights being of primary importance, the socialist state exerts all its powers to secure them materially thus demonstrating the sincerity of the Party's intentions, whereas the bourgeois institutional structures deny these essential rights to their peoples. The world bourgeoisie also deprives the working masses of the real participation in the management of the society's affairs, violates people's personal rights, interferes with the process of national liberation and social progress, thus exposing the true motives of their ideological subversive activities.

In the article "The Development of Financial and Economic Cooperation of the Socialist and Liberated Countries" A. Chekhutov covers a wide range of problems associated with the realization of economic contacts of the socialist countries with the liberated countries of Asia, Africa and Latin America. The author notes that the establishment of these relations has signified the emergence and consolidation of a new type of international relations, challenging the imperialist methods of oppression and subordination of less developed countries. The financial aid, granted to the developing countries by the socialist countries, constitutes an important part of the monetary and credit relations between the two groups of countries, essential for the fulfilment of the national programmes of socio-economic reconstruction. The credits, being the most suitable form of financial assistance, are believed to be one of the tools of economic cooperation, though they can not be considered as the most important sphere of international relations like the Western exports of loan capital. The distribution of credits is greatly influenced by the policies of the developing countries, their readiness to eliminate obstacles to the trade and economic cooperation with the world of socialism. The credits of the socialist countries stimulate equal and mutually beneficial economic relations and contribute to consolidation of national economies of the participating countries.

Unlike the Western credits, the socialist loans are oriented and contribute both to broader production cooperation and introduction of new progressive forms of such cooperation. The comparison of the costs of the loans granted by the socialist and capitalist countries confirms more favourable terms of the former and proves their disinterested character. The experience gained in the sphere of cooperation between the socialist and developing countries testifies to the great prospects of these relations and their growing importance for social and economic development of the young states.

V. Usoskin's article "Inflation and Economic Policy in the Industrially Developed Countries of Capitalism" is focused on the destructive consequences of inflationary processes causing further aggravation of the capitalist contradictions. Having noted that the current inflation has not yet achieved the stage of economic chaos and collapse of monetary systems, the author stresses its negative impact on the whole process of reproduction and social situation in the Western countries. Abundant facts and figures, quoted in the article, enables him to draw a broad picture of general and specific features, of inflationary processes in the developed capitalist countries. The examination of some factors of inflation is centered on the most important issues. Such government practices and policies as deficit financing and reliance upon big public sector are considered to be the major factors of inflationary pressure. The monopolistic price fixing adopted by the large corporations in the branches of high levels of industrial concentration constitutes another conspicuous source of the general "price drift". The external economic relations have also contributed to the inflationary growth of prices, serving as a peculiar mechanism of the rapid spreading of the impulses of inflation, badly affecting the countries actively, participating in the international trade. The importance of this factor for the internal price systems, however, may sometimes be overestimated. The activities and policies of the capitalist credit and monetary systems are also conducive to higher rates of inflation. Though their impact is difficult to be precisely ascertained, superfluous emission, for example, causes extra pressure on the commodity prices. Much attention is paid in the article to the criticism of the bourgeois theories of inflation. The author examines the causes of the failure of the neo-Keynesian methods of economic regulation, pointing out at the same time to the reactionary character of the monetary approach.

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## INTERNATIONAL

### UIGHUR PRESS DENOUNCES U.S., CHINESE ANTI-SOVIETISM

Alma Ata KOMMUNIZM TUGHU in Uighur 20 May 81 p 3

[Article by K. Kozhakhmetov, candidate of historical sciences: "Beijing: By the Way of Antisovietism"]

[Text] As declared at the 26th CPSU Congress, the Soviet Union is seriously continuing its struggle aiming at alleviating still more the situation so that the danger of war will be lessened, and is initiating actions to promote mutually beneficial collaboration among the peoples of the world. However, the present international condition is characterized by a serious complex situation which serves well the struggle to force back the world progress of imperialism.

The ruling circles of the United States are striving to modify their own calculations in order to turn to their own benefit the balance of power which has taken shape on the world arena. The Carter administration, which departed in disgrace from the political scene, appropriated more than 200 billion dollars for the Pentagon, and this expenditure probably will not suffice for the men of the new Reagan administration. The bourgeois propaganda is justifying itself by persisting in the myth of the "Soviet threat" which is considering unilaterally to rekindle once again the arms race by producing huge quantities of armaments.

The Beijing leadership is joining with the reactionary powers in this position and is establishing close collaboration with the aggressive circles of the West. Hegemonism, interference in the internal affairs of other countries, expansionism and other forms of foreign policy characteristic of a great power have become the tools of the present-day Maoists. A special place is given in the Chinese nationalistic arsenal to antisovietism, and this is raised to the level of state policy. At the third session of the National People's Congress which was held in September 1980 these words against the Soviets were reiterated by the Chinese leaders. In recent months the public information media have intensified their slanders and fabrications addressed to the peaceful internal and foreign policy of the CPSU and the USSR.

In the course of time the Beijing antisovietism has taken on an abrupt and strained character. Immediately large numbers of people understood its true nature and dangerous objectives. However much the Maoists are trying to justify themselves, however much they use trickery in carrying out their hostile policy against the Soviet Union, their concealment of their treachery against Marxism-Leninism, against

the principles of internationalism is gradually becoming more difficult and complicated. Analyzing in a concrete way Beijing's positions on the most basic problems of the present time fully discloses that the Maoists are on a course hostile to peace and progress and aimed at increasing international tensions.

The aim of the Beijing leadership, which is first of all to injure the interests and positions of the Soviet Union to the maximum degree, is manifested by their attempts to destroy the unity and fraternal collaboration of the Socialist countries and by their efforts to set one against the other. It is being declared that the extremely powerful Soviet Union is striving to establish its own hegemony, as if it is linking its own designs to others, and trying to subjugate the entire world. It is endeavoring as well to raise feelings of hatred and hostility among the masses of the country against the Soviet people.

The territorial dispute that has been brought up by the Maoists against us serves this objective. They entered in their "register" vast areas of the Soviet Far East, Transbaykal, Kazakhstan, Kirghizia, Tajikistan which were under dispute as territories having been wrested from China. It is necessary to state particularly that the Beijing people consider that areas of eastern and southeastern Kazakhstan belonged to China for many centuries. Occasionally "historical" maps are published in Beijing, and these maps show that areas of Kazakhstan up to the Caspian Sea belong to China. In recent years the Beijing propaganda has begun making use of a higher quality of archeological findings discovered by Chinese scientists in Eastern Turkestan, such as workshops, pottery, clothing and the like as proof that this area was an inseparable part of China.

What is there to be said about this? We do not deny the existence of trade relations between the Chinese and our forefathers just as there was with other people in the past. We know that the emperors of the Han, Tang and Qing dynasties raised huge armies and marched them to far-distant countries. However, both trade caravans and military expeditions went out beyond the Wall of China and, according to their own Chinese accounts their goal was to conquer other "savage" countries. But one should not leave out of mind this basic fact: The Chinese aggressors were not able to advance from the sacred mountains of Alitag and Altay, from the productive fields of Yettisu [seven waters/rivers] to the West. As a result of negative historical circumstances, the people of East Turkestan lost their independence and now are paying a bloody tax to the great Chinese nationalism. Therefore, Beijing's assertions about the "lost lands," "territories under dispute" and territorial claims against the USSR in general are completely fabricated topics which are being used by Beijing diplomacy to aggravate Soviet-Chinese relations.

Let us dwell on the relations of the Beijing leadership to questions of war and peace. Beginning from the late 60's, they began making appeals in Beijing to the people not to fear imperialism, the atomic bomb and nuclear war. Mao Zedong began openly to issue provocative slogans, such as, to him "atomic war is not such a bad thing," "if half the population would be destroyed, this is not a terrible matter," "if one-third part of the people remained alive, this would not be bad," and other wrong ideas in this vein. We recall how Mao and his henchmen carried out their policies in the most difficult stages of the international crises of the 60's and 70's, how rigidly they opposed finding a solution for the Cuban crisis of 1962,

how they exerted pressure on the leaders of the Democratic Republic of Vietnam in case they showed opposition to the peaceful negotiations with the United States. One cannot keep hidden the characteristic zeal of the Maoists to incite people to military provocations with other countries in order to keep China out of danger.

Instead of organizing the mass of people to categorically oppose the imperialist policy of preparing for war, the Chinese leaders are propagandizing the thesis about the "inevitability" of war: "large-scale war will break out in the near future," "war is unavoidable,"--the lexicon of the present day Chinese leaders consists of such expressions. Hua Guofeng and Deng Xiaoping are reiterating endlessly these "wise words," and by this they are openly revealing their own attitude toward the problem of safeguarding peace. The Maoists are appealing to the Western powers to be prepared for war as if the Soviet Union and the Warsaw Pact countries would start it, and this is evidence of their uniting fully with the imperialists. They are making use of the bourgeois propaganda of the myth of this "Soviet threat," and they are striving to use this in their goal of establishing an unbroken front of all anti-Soviet forces. Beijing knows that the world public opinion is reacting negatively to such a position and sometimes shows itself in the role of "peace-lover." Hua Guofeng's talk at the September 1980 session of the National People's Congress and the speech of the Chinese representative at the 32d session of the UN General Assembly were both in this spirit. Such a change in attitude took place because the sudden increase in Chinese military power with the construction of an intercontinental ballistic missile produced anxiety in many Asian countries and in the United States concerning the future goals of the Chinese leaders.

In this way Beijing added its share to the aggravation of Carter's political position. If Washington had not gained China's full support, if China and the United States did not have "parallel interests," it would have been difficult to say that the Brzezinski line had preference in the foreign policy of the American imperialists. Of course, an imperialistic policy even without China is aggressive in nature. However it is essential to take into consideration the particularly dangerous action of the American government which is called the "China card." The Western countries, after persuading themselves to participate actively in the antisocialist and anti-Soviet provocations of the PRC, took steps to engage in activities such as placing medium-range missiles in Europe, refusing to ratify SALT-2, and heightening the military risk in the Persian Gulf region. The Chinese aggression against Vietnam in February 1979 and its refusal to negotiate with the government of this country was an extremely favorable thing for the United States. Destabilization of the situation in Southeast Asia, providing aid to the remnants of the Pol Pot government of Kampuchea, making military threats against Laos--actions such as this are providing evidence that at the present time Beijing is discharging its duty as gendarme in this part of the world. In fact, Beijing has carried out this duty poorly until now, but this does not concern her.

The Near and Middle East regularly appraised the events that had taken place in the African countries, and the anti-sovietism of the Maoists at the present time became clear.



The gaining of victory in the Iran revolution, the crossing over to the socialist camp of a number of Asian and African countries and their establishing a mutually beneficial collaboration with the USSR were a big blow to the policy of international imperialism and the great-power chauvinism of China. China, along with Western governments, has joined separately in a campaign of casting aspersions against the new developing states. The matter has come to this: China is conducting an active fight against progressive and democratic governments, and this adventure is observed in Afghanistan, in the Peoples Democratic Republic of Yemen, in Ethiopia, in Angola and in other places. In all places the forces of imperialism and Chinese social-chauvinism are carrying out acts of sabotage and are attempting to subdue people's liberation movements and to disunite socialist cooperation among new countries. Beijing is carrying out great acts of sabotage against peaceloving India. The Indian press, the national government, the political parties and public officials are making known their concern with regard to the provocations on the Chinese-Indian border areas. As is known, India was one of the first to suffer the Chinese aggression and to this time part of her territory has been under Chinese occupation. Its attempts at intimidating India are categorically denied. Despite opposition by China, independent India and the USSR are collaborating in many areas and are strengthening the bonds of friendship. The visit in December 1980 that the general secretary of the CPSUCC and chairman of the Presidium of the USSR Supreme Soviet, L. I. Brezhnev, made to India, resulted in raising Soviet-Indian relations to a new level.

The Beijing leaders' policy against the Soviet Union is causing great harm likewise to the peaceloving and democratic circles of Japan. Japan is openly arming itself in case its militarists act against the "security pact" concluded with the United States in 1980 and resist Beijing's provocations.

During the last five years military expenditures have risen by 60 percent in Japan and this year approximately 2400 billion yen are budgeted. New tanks and spare parts are being manufactured, and the army, naval and air forces are carrying out joint training exercises of an offensive nature with the U.S. army. According to the appraisal of experts, the present day strength of the Japanese army is several times in excess of any potential war need. The Japanese government is bringing to a high pitch antisoviet activities in the country and decided to signal the theme with the words "Northern Territories Day." Rightwing political organizations are rising to a state of militancy, and are making demands that the constitution and especially all 9 articles that prohibit building up the armed forces be rescrittized.

Beijing's antisovietism--it cannot be contemplated that there is any sort of rivalry between the USSR and the PRC for leadership in the area of the world's socialist and developing countries. The spirit of arrogance, giving instruction to others, applying pressure are alien to the foreign policy of the Soviet Union. The CPSU and the Soviet government are firmly acting on the testament of V. I. Lenin and are establishing on a broad legal basis their relations with all parties and countries. Of course, we have especially strong fraternal relations with the socialist states, and this the Chinese leaders well know. We support establishing friendly relations with newly liberated countries and we are prepared to give aid necessary to develop trade, culture and science. Since the first days of winning

the October revolution, our state has supported the policy of living in peace with the capitalist countries. In truth, these foreign policy principles and following them through without deviation has brought the Soviet people to a position of high honor among the peoples of the world. The USSR is ready to normalize its relations with the PRC. This way has been worked out by our party, and despite the fact that the Maoists are still following their road that has no prospects, this way is still open to them.

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## INTERNATIONAL

### ANALYSIS OF REVOLUTIONARY PROCESSES IN LATIN AMERICA

Moscow LATINSKAYA AMERIKA in Russian No 4, Apr 81 (signed to press 11 Mar 81) pp 36-64

[Article by Yu.N. Korolev, "Revolutionary Processes and Questions of Sociopolitical Development in Latin America"]

[Excerpts] Back at the start of our century capitalist relationships had become the determining ones in the most developed Latin American states. There simultaneously began a process of the creation (and very rapid, at that) of import-substituting sectors of industry. There was a partial reorientation of the traditional exporting sectors toward the domestic market: mining, agriculture, forestry and maritime activity. The rapid development of the production forces occurred in an increasingly bitter confrontation with the existing forms of production relations, which were characterized by considerable survivals of precapitalist relations and economic dependence on the biggest imperialist powers, primarily Britain, France, the United States....

Such a distinctive phenomenon in the agrarian system of the Latin American countries as latifundism\* remained a brake on the development of capitalism as a whole. Precapitalist forms of production and exploitation were employed extensively in the latifundia (landed estates of tens of thousands of hectares).

The increase in the relative significance of bourgeois relations led in the 1920's-1930's to an increase in social tension, which was expressed in peasant uprisings (in Argentina, Peru, Brazil, Nicaragua, Colombia, Bolivia and elsewhere), a growth of the strike movement and in general democratic struggle (the movement for university autonomy, universal suffrage, a protectionist economic policy, agrarian reform and freedom of the press, assembly and organization). In a number of countries the bourgeois governments began to implement reforms objectively aimed at the development

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\*See "Agrarnyy vopros i problemy osvoboditel'nogo dvizheniya v stranakh Latinskoy Ameriki" [The Agrarian Question and Problems of the Liberation Movement in the Latin American Countries], Moscow, 1968; E.E. Litavrina, "Kolumbiya" [Colombia], Moscow, 1967; N.T. Poyarkova, "Puerto Rico," Moscow, 1975; I.K. Samarkina, "Obshchina v Peru. Ocherk sotsial'no-ekonomicheskogo razvitiya" [The Community in Peru. Outline of Socioeconomic Development], Moscow, 1974.



of capitalism. In the intricate tangle of socioeconomic and political contradictions characteristic of this period of development the working class increasingly found itself at the center of the biggest problems of national development. Its struggle came into direct and increasingly acute confrontation both with foreign capital and with latifundism and the local bourgeoisie, objectively reflecting at the same time the demands and cherished aspirations of the peasantry and the urban petite bourgeoisie and also independent development. The numbers of the working class increased rapidly, and large and influential unions were created in many countries (in Argentina, Brazil, Chile, Mexico and Uruguay, on Cuba and elsewhere). Workers parties (the Socialist in Argentina, the Socialist Workers in Chile and others) which adhered to the positions of social democracy and joined the II International strengthened on this basis. Communist parties (in Argentina, Mexico, Brazil, Chile and Uruguay, on Cuba and in Central America and Peru) emerged as of 1918, under the influence of the Great October Revolution.

The need to do away with the phenomena applying the brakes to socioeconomic development became particularly apparent in the period of the 1929-1933 world crisis. The increased social contradictions were settled by a wave of revolutionary explosions and bourgeois revolutions which rolled over the countries of the continent (on Cuba and in Brazil, Costa Rica and Chile) and the creation of bourgeois-reformist governments (in Bolivia, Colombia, Mexico and Argentina).

On the whole, at the first stage of the general crisis of capitalism both the petite bourgeoisie and the latifundists achieved satisfaction of their demands (in some places de facto and in others legislatively). The bourgeois reformists were compelled to abandon the implementation of agrarian transformations and the extension of social legislation to the agricultural working people. In industry restrictions were placed on the working people's right to organize: the creation of unions was prohibited in certain sectors, and qualifications were introduced pertaining to numbers and settlement (in Chile, for example, the creation of unions only at enterprises with a number of employees of no less than 25 was authorized).

At the same time the objective laws of capitalism required the removal of existing obstacles to development. The bourgeoisie as a class frequently put forward gifted and outstanding representatives who attempted to find theoretical and practical ways of tackling the problems which had arisen. The economic aspect of the question consisted of finding large-scale resources for the introduction of a modern industrial structure based on the production of metals, machinery and electric power. Owing to the capital-intensiveness of these sectors of the economy, the entrepreneurs were not in a position to join in the modernization process en masse. Another method of providing industry with producer goods was machinery and equipment imports; but foreign currency was needed for this (actually, as in realization of the first option). Foreign currency receipts came from agricultural raw material and mineral exports. The first was in the hands mainly of the latifundists, the second mainly in the hands of the foreign monopolies. The banks, the road network, the postal and telegraph service and the information media could have been an important source of capital.

In this situation a way out was found on the path of the creation of an industrial-managerial state sector capable of partially replacing the then not strong private businessman in the creation of heavy industry. Bourgeois politicians began to look

for ways to increase taxes on the foreign monopolies and force them to reinvest or newly invest in the country as large a proportion of profits as possible and not export them. Finally, the idea of the nationalization of foreign companies emerged and took hold. The H. Irigoyen government in Argentina nationalized oil in 1930, but this measure of the Argentine bourgeoisie was rescinded as a result of a reactionary coup. The J. Vargas government in Brazil nationalized oil, and, furthermore, the companies' property became part of the state sector of the economy. In 1937 Bolivia nationalized the American Standard Oil Company; at the start of WWII Guatemala, Brazil and a number of other countries nationalized the land and plantations of German colonialists (also with their transfer to the state sector). State banks were set up everywhere, state control over the infrastructure was established and a state land reserve was created with the aid of which partial agrarian capitalist reform was undertaken.

The transformations effected as a result and in the course of bourgeois revolutions and the activity of the reformist governments considerably advanced Latin American capitalism. The majority of the revolutions (not to mention the reforms) were of an incomplete nature; the new ruling class--the bourgeoisie--shared power with the representatives of two other influential forces--latifundism and foreign capital--or created authoritarian institutions of power (which reproduced relations of an intricate balance of forces among the bourgeoisie, latifundism and foreign monopoly capital). As a whole, if we are speaking of the class and social battles of the first stage of the general crisis of capitalism, the most marked successes (albeit limited by the pressure of foreign capital, the latifundists and the petite bourgeoisie) were achieved, first, by the local haute bourgeoisie and, second, by the working class, which had achieved the "institutionalization" of its organizations and the main economic demands and forms of struggle.

Under these conditions there then came the WWII period, which again (like WWI) was for the majority of Latin American countries one of a high point of economic conditions on the foreign market and of success in the development of the import-substituting sectors, becoming a major new step forward in the development of capitalism. The Latin American bourgeoisie completed the assimilation of the expanses which had been opened up to it as a result of the transformations of the prewar period and accumulated resources for a new effort necessary for the completion of bourgeois reforms (agrarian primarily) and entry into the struggle for an improvement in its position in the world capitalist system.

The strength and influence of the working class grew simultaneously; and the peasantry had developed the struggle for agrarian reform. A continuous civil war was under way in the countryside in many Latin American countries, particularly in Bolivia, Colombia, Guatemala, Venezuela and others. The working class and the peasantry became the main driving forces of the social battles.

A struggle developed in the countries of the continent for democracy and social progress and against reaction and fascism which was headed by the working class and the communist parties. Sociopolitical alliances of the Unidad Popular type evolved in many countries as a result of this struggle. These alliances had a tremendous influence on the events in their countries.

The influence of the communist and workers parties increased rapidly in this period against the background of the upsurge of the workers and democratic movement, the ubiquitous formation in the countries of the continent of national trade unions and the growth of other mass organizations.

In the period 1946-1959 the Latin American bourgeoisie made the last attempt in recent history to unite under its leadership broad popular strata to effect the transformations necessary for further development. National-reformist governments were created in Argentina, Brazil, Chile, Bolivia, Venezuela, Costa Rica and Guatemala and on Cuba. In a certain sense this period could be called "national reformism in power."

The particular features of Latin American national reformism were determined primarily by the great weight and influence of the worker and trade union movement--a consequence of the region's high level of capitalist development at a time of the unsolved status of certain problems of the bourgeois revolution and national liberation. The Latin American industrial bourgeoisie had solved the problem of an ally in the struggle to strengthen and develop capitalism, preparing itself for an entry into the international arena and for inter-nation competition. Neither foreign monopoly capital nor the latifundists could have been at all or could have been effective allies in the socioeconomic plan which had been outlined. As the events of the 1930's showed, only the working class could have been such an ally.

Leaving details to one side, the following basic measures of the national-reformist regimes may be mentioned: the nationalization of foreign companies (with their redemption and, in a number of cases, without redemption), agrarian reforms (highly radical in certain countries, in Bolivia, for example), nationalization of the railroads, postal services, port installations and other components of the infrastructure, strengthening of the state sector of the economy (accompanied in a number of cases by the establishment of control over the banks and the introduction of a state monopoly on foreign trade, as in Argentina), the adoption of new democratic constitutions incorporating universal suffrage and freedom of speech, press and assembly and declaring national sovereignty over the land, natural wealth and energy resources, introduction of labor legislation, the right to strike and organize trade unions, an 8-hour work day, paid leave, the right to work (Argentina), free education (primary) and so forth.\*

At this time the national-reformist parties and regimes succeeded in creating a certain base in the organized workers movement.

The national-reformist governments of the 1940's-1950's, which were called on to lend decisive impetus to their countries' capitalist development, albeit inconsistently

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\*E.S. Dabagyan, "Natsional-reformizm v sovremennoy Venesuele. Partiya 'Demokraticheskoye deystviye': ideologiya i politika" [National-Reformism in Present-Day Venezuela. The Democratic Action Party: Ideology and Policy], Moscow, 1972; A.F. Shul'govskiy, "Meksika na krutom povorote svoey istorii" [Mexico at a Sharp Turning Point in its History], Moscow, 1967; Yu.A. Fadeyev, "Revolyutsiya i kontr-revolutsiya v Bolivii" [Revolution and Counterrevolution in Bolivia], Moscow, 1969.



and in a class collaboration fashion to a considerable extent, performed their historical role. It was this which caused the exacerbation of the class and political struggle at the concluding stage of this period. Indeed, as a result of the transformations which had been implemented the local haute bourgeoisie definitely discerned and revealed new possibilities for its development on the path of the concentration of capital and monopolization.

On the other hand, these possibilities came up against the system of social organization which had been created by the national-reformist parties and regimes, which was based on broad democratic freedoms and, most importantly, the active participation of the unions in socioeconomic life. The multiclass national-reformist parties could not have remained in power without reliance on the mass organizations and had to consent to concrete concessions to the working people's demands, which the entrepreneurs--big, petty and middle--were reluctant to allow.

Satisfaction of some of the socioeconomic and political demands of the bourgeoisie created the basis for growing Thermidorian tendencies in its milieu. At the same time the working class and peasantry, which had become actively involved in the process of social reorganization, revealed their real strength and discerned new prospects, which objectively created the prerequisites for their independent formulation of the question of power, that is, the question of the establishment of a revolutionary-democratic dictatorship with the prospects of socialist revolution. Although the prerequisites for socialist revolution had not at that time matured in many countries, the alignment of class forces determined the strengthening of the trend toward class demarcation and toward making the basic contradiction of capitalism--between labor and capital--the cornerstone. This brought about the collapse of the multiclass front which had been created by national-reformism, divisions within the national-reformist parties and an ever increasing aspiration toward the independence of the workers movement.

The bourgeois-reformist leader gradually began to depart from their previous radical positions, virtually advocating agreements with the forces against which the spearhead of their struggle had only recently been directed--primarily an alliance with the latifundists and foreign capital--on a new basis, however. Whence their endeavor to split the trade union movement, repression of the communist and leftwing parties and so-called "constructive anti-imperialism".

It became obvious that even the most radical reformers were for the sake of the development of capitalism not satisfying the requirements of social development or solving the deep-seated problems posed by the historical stage of this development. National-reformism lost its support in the masses to a considerable extent, and the bourgeois-reformist governments were removed from power by conservative and reactionary forces, frequently with the assistance of coups d'etat with the participation of the armed forces. Batista came to power on Cuba, and the army ousted Peron in Argentina, Vargas in Brazil, Gallegos in Venezuela and so forth. The forcible ousters of the national-reformist governments before they had completely discredited themselves in the eyes of the working people enabled them to preserve to a considerable extent their martyr's halo and influence on certain strata of the working class, peasantry, petite urban bourgeoisie and the middle strata. On the other hand, a complex reorganization occurred within these parties in the course of which the influence of the social-reformist elements and left-radical forces strengthened.

The experience of the Latin American revolutionary-democratic and anti-imperialist movement obtained in the course of the bourgeois revolutions of the 1930's-1950's and the implementation of national-reformist models led to profound disillusionment with traditional national-reformism and to a strengthening of anticapitalist moods and trends. In this sense both the successes and the defeats of national-reformism provided the people's masses with important historical lessons and showed both their increased strength and capacity for revolutionary creativity and also the danger of the initiative being seized by the bourgeoisie.

The Cuban revolution summed up, as it were, the result of the Latin American bourgeoisie's postwar attempts to head the revolutionary process and showed the real way out of the blind alleys of social development in which the continent's countries had found themselves after the national-reformist experiment. Bourgeois reformism revealed its groundlessness not because it failed to fulfill the commitments it had assumed but precisely because it had fulfilled them: as a result it became clear to the masses that even the most radical bourgeois reforms could not resolve the main contradiction of capitalism. In addition, in clearing the way for the accelerated growth of capitalism these reforms laid bare and revealed to an even greater extent and even more openly the truth that the trouble of Latin American capitalism lay not in economic dependence on foreign capital (although in this also) and not in the backwardness of agrarian relations (although in these also) but in the fact that capitalism itself was experiencing its critical phase characterized by that essential maturity of socioeconomic basis when the development of a democratic revolution into a socialist revolution is already possible in principle. The experience of the Cuban revolution was practical confirmation of this.

The revolution on Cuba opened a new period in the development of the revolutionary process in Latin America, showing that whereas the bourgeoisie had exhausted the revolutionary potential assigned it by history, the working class, in alliance with other toiling strata, was now capable of heading a democratic and anti-imperialist revolution and leading it along the path of the building of socialism. From this time the anti-imperialist and national liberation struggle of the peoples of the continent assumed a clearly expressed anticapitalist thrust in all countries where the working class had the weight and organization to head the revolutionary movement.

Soviet experts' works drew attention insufficiently often to the fact that the lessons of the Cuban revolution were apprehended not only by the democratic forces but also by the bourgeoisie.

The Latin American petite bourgeoisie had traversed a long historical path of adaptation to the changed conditions of sociopolitical life. As a result of an extremely painful evolution two basic directions of the ideological-political concepts of the petite bourgeoisie had taken shape as a whole: revolutionary and conformist-reactionary. The old idea of petit bourgeois cooperation was the basis of them. This cooperation--as the economic foundation of the social plan of the petite bourgeoisie--could in principle have been assimilated by and been acceptable to both capitalism and socialism. Cooperation implying a socialist development prospect oriented politically and socially toward integration with the public-state economy is not opposed to the public sector of the economy but, competing with it, grows accustomed to it.

The embarkation of a number of Latin American countries on the stage of the formation and development of monopoly capital exacerbated this "struggle" of the petty entrepreneur to the utmost, and the monopolies' implementation of the plan of the integration and modernization of petty entrepreneurship led to a sharp polarization between the revolutionary and reactionary-conformist trends and concepts of the petite bourgeoisie. In this plane a struggle was under way at the contemporary level of class-social relations in the most developed Latin American countries for the petite bourgeoisie and also the middle strata between the proletariat and the monopoly bourgeoisie, which had put forward practicable--not utopian--programs of an alliance with the petite bourgeoisie, but one from the viewpoint of the socialist alternative, the other for the purpose of a capitalist modernization counterrevolutionary in its class-political essence.

In the context of this basic trend the petite bourgeoisie attempted to escape from marginal status with the aid of compromises. Its plan contained many modernized features "considered" from the experience of reformism and represented an undoubted concession in a whole number of questions to the workers and trade union movement on the one hand and the technocracy of the contemporary monopolies on the other and involved a mass of notions and prejudices which were dilapidated, but dear to the heart of the craftsman, petty tradesman, peasant, housewife and so forth.

In the 1960's the practice of bourgeois reformism acquired its political character in parties which were new for that time--Christian democratic--which appealed primarily to the strata of the population which had in the past from necessity or a lack of farsightedness been let slip by the national-reformists, but which were now joining actively in political activity.

In other countries national-reformism was able to reorganize itself to a considerable extent, having assimilated Christian-social postulates and extended its social base thanks to ideological-political eclecticism (the Peronistas in Argentina, the Apristas in Peru, the [NRD] in Bolivia and others). As a whole, it is possible to speak of the formation of neoreformism, a distinguishing feature of which was a relative conservatism, a distinct counterrevolutionary attitude (preventive, in the main) and a tilt in the social base toward the petit bourgeois element (although including the worker base also).

Christian democracy prompted to social activeness new groups of exploited people who had not been enlisted in it hitherto and educated people who were enlisted in it on a new level of capitalist development. These groups became a factor of the socio-economic struggle thanks to the growth of the proportion of the self-employed population and proletarianization (also as a result of the development of capitalism) and politically thanks to the politicization of the masses.\*

The mass, popular base on which the social-reformist and neoreformist parties depended in their practice exerted a considerable influence on their policy and determined the impossibility of a simple approach to them on the part of the politically aware detachments of the proletariat and the communist parties.

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\*S.I. Semenov, "Khristianskaya demokratiya i revolyutsionnyy protsess v Latinskoy Amerike" [Christian Democracy and the Revolutionary Process in Latin America], Moscow, 1971.



As a whole, if we are speaking of the most developed Latin American countries (Argentina, Chile, Uruguay, Brazil, Mexico, Venezuela, Colombia and Costa Rica), the potential of the national-reformist transformations had been practically exhausted here at the end of the 1960's through the mid-1970's. Nationalist measures were still capable of serving as slogans for the temporary mobilization of the masses by the bourgeois-reformist parties and governments for the nationalization of natural resources (oil in Peru and Venezuela, for example). The mass movement for nationalization remained a factor of pressure on foreign companies and governments which the Latin American governments made active use of in their own interests.

The challenge thrust by the transnational corporations at the so-called "national-capitalist models" of development was an additional factor of nationalism (all its directions) in the countries of the continent. But within the framework of the existing and increasingly strengthening dominating monopoly bloc (the state and the local and foreign monopolies) the basic direction in the development of the internal contradictions was determined: between the foreign and local monopolies. Both endeavored to take possession of the machinery of state in order to impose their policy.

These contradictions were not, as may be imagined, of a secondary or insignificant nature: in reality it was a question of a fundamental alternative within the framework of capitalist development, namely, a choice between the plan of the transnational corporations and the plan of classical state-monopoly capitalism based mainly on the European experience. Simplifying matters somewhat, this alternative could be portrayed as a choice between American imperialism (the "free market economy" as the basis of socioeconomic development and an authoritarian system of political power) and European imperialism (that is, mainly state-monopoly capitalism and the historical experience of social democracy in power). Whence precisely there grew such most critical questions of the contemporary development of the Latin American countries as fascism (neofascism) and social democratization.\*

The presence of monopoly capital, the crisis of the economic system and state power or the crisis of the upper strata, the exacerbation of contradictions among the ruling groups of the bourgeoisie on the question of the further path of capitalist development, the extreme bitterness of the class struggle and the increased dissatisfaction of the petite bourgeoisie, which had been compelled under the conditions of the growth of the monopolies to again seek forms and paths of adapting to the new reality, are among the objective factors of the emergence of fascism in the Latin American countries. The emergence of an ideological-political center, a certain development of the petit bourgeoisie reactionary-corporativist movement, the

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\*See "Problemy sovremennogo rabochego dvizheniya Latinskoy Ameriki" [Problems of the Present-Day Latin American Workers Movement], Moscow, 1980; A.F. Shul'govskiy, "Armiya i politika v Latinskoy Amerike" [The Army and Politics in Latin America], Moscow, 1979; "Braziliya 70-x godov. Politika, ekonomika, kul'tura" [Brazil in the 1970's. Politics, Economics, Culture], Moscow, 1977; "Argentina: tendentsii ekonomicheskogo i sotsial'no-politicheskogo razvitiya" [Argentina: Economic and Sociopolitical Development Trends], Moscow, 1980.

incapability of the proletariat and its allies of settling the question of power in their own class interests and the weakness or crisis of revolutionary leadership are the subjective factors of the establishment of fascism. It is not fortuitous that a certain coincidence of the prerequisites of fascism and revolution exists since they are closely connected and interconnected and fascism is a variety of counterrevolution in the era of imperialism (and, perhaps, the main variety).

As a counterrevolutionary movement, fascism--despite its primordially demagogic and reactionary nature--could achieve the mobilization of certain masses, primarily the petit bourgeois masses, for struggle against the revolutionary proletariat. But a fascist dictatorship, expressing the interests of the monopolies, is condemned to the loss of a mass base and its reduction and contraction. For precisely this reason fascism creates a huge machinery of terror; repression and total surveillance for the sake of holding on to power.

Considering in addition the fact that it is discredited in the eyes of public opinion, the sociopolitical base of fascism--even as a movement fighting for power--could not be particularly broad in the new international situation. Furthermore, the fascist counterrevolution in Latin America has encountered a highly organized and mobilized democratic and anti-imperialist movement, which has frequently acted under the already proven leadership of proletarian organizations.

It is characteristic that the fascist regimes have found certain support among the rightwing leaders of national-reformism, who have in a number of instances attempted to find a coincidence of views with the dictators on questions of the struggle against the workers movement, anticommunism and authoritarianism.

At the current level of the development of the Latin American countries objective conditions exist for the establishment of two types of bourgeois dictatorship--dictatorship at the stage of the inception of capitalism,\* in the interests of the developing bourgeoisie, on the one hand, and dictatorship in the interests of the local and foreign imperialist monopolies--fascism in various appearances.\*\* The establishment of a fascist dictatorship means that the monopolies can no longer exercise their power through the bourgeois machinery of state created at the previous stages of capitalist development. Nevertheless, fascism means suppression not only of the proletariat but also of the entire section of bourgeois society raised on the ideals of representative democracy, free competition and "national

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\*In the least developed countries of the continent; in the recently liberated former colonies.

\*\*It is clear that both these forms of bourgeois dictatorship at a given historical stage are hostile to the interests of the working class; however, it is profoundly meaningful to distinguish them since the revolutionary tactics in each of these cases will differ substantially. In the one case it will be a dictatorship in the interests of the majority of the bourgeoisie. In the other an open dictatorship of monopoly capital over a bourgeois nation emerging from submission (perhaps still bourgeois--in the plane of the potential historical role of the proletariat).

values". The subjective factor of revolution, the level of political awareness of the working class and the maturity and mobilizing capability of the communist parties and their ability to carry along with them the masses of the petite bourgeoisie and the peasantry acquire particular significance in the struggle against the fascist danger.

In their very essence the fascist regimes in Latin America are of a temporary, transitory nature: their mission is to help the transnational corporations take root in the economic structure such that their activity come to be seen as the norm, more, as an integrating factor of all economic activity; effect structural changes in the economy which are the most painful and dangerous for the monopolies (from the viewpoint of the reaction of the working class and all working people); and reorganize the unions and mass organizations in accordance with the new needs (the main purpose of these reorganizations being to reduce the authority of the forces of the left in the workers movement).

The end of the 1970's provided the first outlines (variants) of a departure by the transnational corporations and the local monopolies from dictatorial forms of rule, a quest for broader sociopolitical support and a gradual return to the institutions of representative bourgeois democracy (after a more or less lengthy stage of limited democracy). The experience of recent years shows that these initiatives on the part of the ruling circles are attracting to their side significant strata of the conservative-minded public and increasing the centrifugal tendencies prior to this in relatively stable democratic antidictatorial organizations and fronts.

On the other hand, the question has arisen as to which political parties are capable of expressing in concentrated form the economic interests of the new groups in power and at the same time being a vital national organism. I believe there is reason to say that the Christian democratic parties, into which there has been an outflow of conservative elements from the national-reformist organizations (which were opposed to the dictatorship) and from the forces which shared political responsibility together with the authoritarian and dictatorial rulers and which are now attempting to find their place under the new political conditions, are attempting to become such. This can be said today about the Christian democratic parties in Chile and El Salvador, the COPEI in Venezuela and others.

The social democratic parties are increasingly attempting to counterpose themselves to these forces. Social democratic parties have existed in individual countries of the continent since the end of the 19th century (in Argentina, Chile and elsewhere). But at the start of the 20th century they discredited themselves by cooperation with bourgeois governments and support for the social-chauvinist policy of the leaders of the II International, which was unpopular in Latin America, and lost their former influence. Many of them experienced divisions, as a result of which Marxist-Leninist parties were created on the one hand and a sharp turn of social democracy to the right occurred on the other. The actuality of ideological-political disagreements and the struggle for influence in the workers movement led to the young communist parties at that time seeing social democracy virtually as their main enemy. Furthermore, both social democracy and the communist parties for a long time underestimated the significance of the national aspect in the democratic struggle of the peoples of the continent, thus letting slip their potential allies in the ranks of the national-reformist fronts.



In the 1930's-1950's social democracy practically disappeared in the majority of countries of the continent as an independent political force, joining the national-reformists everywhere as a left wing. After the Cuban revolution, the socialist parties of the Latin American countries strengthened as a result of the rapid radicalization of the people's masses and, particularly, the working class and became quite influential in certain countries, but did not join the Socialist International and adopted a critical and highly mistrustful attitude toward it.

In the mid-1960's the Socialist International attempted to galvanize its relations with the Latin American socialists. The first full Latin American members of the Socialist International, among whom, for example, was the Chilean Radical Party (in 1967), appeared in the latter half of the 1960's. The Socialist International was particularly active in Latin America in the 1970's. Not the least part in this was played by its theorists' analysis of the lessons of the Chilean revolution, in which the Chilean social democrats had also appeared actively on the side of the revolutionary forces.

The experience of the revolution showed the Socialist International that it was making insufficient use of its possibilities in Latin America and letting slip chances to consolidate its positions here.

Contacts were established with the Latin American social-reformists.

If we look at the root of the problem, it is a question of an attempt by European state-monopoly capitalism to create a second front for competition with the United States. This search led the social democrats to the conclusion of the need for and promising nature of the propaganda and dissemination in Latin America of the ideas of "democratic socialism," the vital nature of support for popular-democratic movements, the inadequacy of the promotion of the traditional "peaceful means" of struggle and the inevitability under the conditions of the continent of recognition of the legitimacy of armed popular struggle.

On the other hand, there have also been failures in the Socialist International's attempts to enlist the mass bourgeois-democratic parties in cooperation. The goal set by the leadership of social democracy and underpinned by remarkable events in the European countries, particularly in France,\* of initiating an active dialogue with the Catholic movement of the left and Christian democratic parties, which enjoyed great influence in a number of countries of the continent, seemed close in 1975-1976. Persistent attempts were made to find paths toward a dialogue between the Chilean Christian Democratic Party and the Unidad Popular parties. And although the Latin American Catholics and Christian democrats of the left actively contributed to the development of events in this direction, the right-centrist leaders of the Christian Democratic Party politely, but categorically opposed a rapprochement with the Socialist International--and it was precisely this which was the main goal of the leaders of international social democracy.

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\*The latter half of the 1970's in France was marked by the democratically-minded Catholic masses of the left joining the Socialist Party.

The Chilean Christian Democratic Party was still determining its positions at that time, but it subsequently clarified them precisely in the direction of the delineation of a sphere of political activity and influence with social democracy. Internationally Latin America's Christian democratic parties maintained their orientation toward European Christian democracy, which, evidently, had assumed the role of "democratic" purveyor of the policy of the transnational corporations. In any event, the policy of the COPEI in Venezuela and the Christian Democratic Party in Chile testified to this. Latin American Christian democracy acted from progressive-democratic positions possibly for the last time at the end of the 1970's, when, as a whole, it supported the Nicaraguan people's struggle against the Somoza dictatorship. But the victory in Nicaragua and the direction which the people opted for in the development of the revolution put the Christian democrats, particularly their conservative right, on their guard. And the Christian democrats adopted a different attitude toward the events in El Salvador than toward the events in Nicaragua, impeding in every way the development of the solidarity movement with the Salvadorean people. N. Duarte, the leader of El Salvador's Christian Democratic Party, joined the junta (and later formally came to head it even), sharing responsibility for its counterrevolutionary and antipopular actions.

International social democracy viewed the experience of the Nicaraguan revolution entirely differently.

Having supported the Sandinista front in 1978, social democracy did not change its attitude toward it after the victory of the revolution.

Moreover, the experience of the Chilean revolution on the one hand and the Nicaraguan people's struggle on the other forced many parties of the Socialist International to revise their view of armed and partisan struggle. While, as before, accenting predominantly peaceful forms and methods of the solution of complex questions of social development, European social democracy is increasingly emphasizing the profound differences in the situation between Europe and Latin America. While specifying the need and sole possibility for Europe of the path of peaceful solutions social democracy acknowledges that different means of struggle, including armed struggle, are justified in Latin America. Its leaders draw a clear line here between terrorism in the developed capitalist countries, "which works to the benefit of counterrevolution in conjunction with reaction and fascism, and, on the other hand, the armed liberation movement under the conditions of fascist and colonial dictatorships, when no democratic right of choice exists and there is no solution other than ousting the oppressors by force."\* The Spanish socialists extend this viewpoint to Puerto Rico even.

In connection with the struggle initiated by the Salvadorean people the leaders of European social democracy had to resolve not only the question of the continuity of such a position but also the question of demarcation with the conservative forces (the revolution in Nicaragua, which was supported by the Christian Democratic Party, left this question open). The social democrats concluded that only after the

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\*SOCIALIST AFFAIRS No 1, 1979, p 21.

establishment of democratic regimes will the Socialist International choose between conservative and progressive forces, supporting prior to this all who fight against dictatorships.

The events in Chile and El Salvador are forcing a clarification of the question concerning social democracy's place in the political struggle. At times its practice (particularly in instances where the party is in power) is relatively far removed from its declarations. The Socialist International continues to pay lipservice to a show of solidarity with the struggling Chilean people and even gently censures the Christian Democratic Party for its unwillingness to find a common platform of actions with Unidad Popular. At the same time the ruling Social Democratic Party in the FRG is expanding interstate relations with the Chilean junta. But, generally, the time is now being called by the Pyrenean and Mediterranean socialists, among whom the fervor of antifascist struggle and struggle against the danger of the right is still alive and conformist sentiments weaker.

The Socialist International's leaders cite as its present and potential allies in Latin America the "national-revolutionary parties" (the national-reformist APRA, National Liberation in Costa Rica and Democratic Action in Venezuela), the Latin American parties of the left (the socialist parties of Argentina, Chile and others) and a number of national-liberal parties (the Institutional Revolutionary Party in Mexico and currents of the Colombian liberals, Argentine radicals and the Brazilian opposition). The following are highlighted as the main tasks, uniting, in the opinion of social democratic leaders, these parties and currents: assistance to them on the part of the Socialist International (if they operate under legal conditions); and assistance to the processes of democratization in the Latin American countries and support for peoples struggling for freedom against reactionary dictatorial regimes.

The current political position of social democracy has taken shape as both centrist and antidictatorial. It reflects the interests of the local haute bourgeoisie, which relies on the state, has a relatively strong and traditional influence in the masses and is capable of advancing a real alternative to capitalist development within the framework of state-monopoly capitalism. If we are to speak of the social forces to which social democracy appeals, their composition, as a whole, repeats the compositions of the 1950's, on which the radical national-reformists relied in their activity. A similar radicalism is also present in the platforms of social democracy, bordering on nationalism.

Under the present new conditions of the socioeconomic and political reality of Latin America the call for democracy means an endeavor to give power to the class and the forces which really strengthened as a result of the social cataclysms of the 1970's. The platform of social democracy represents a compromise among the local monopolies, European state-monopoly capitalism and the transnational corporations and U.S. corporations and a transition to "loyal," legitimate and democratic forms of their rule which could make it possible to create stable (modern, capitalist) structures in their region. The leaders of social democracy counterpose their plans to the "cruel capitalism" of the transnational corporations on the one hand and "communist revolutionary practice" on the other,\* repeating on a new basis and under the conditions

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\*SOCIALIST AFFAIRS No 5, 1979, p 148.



of new historical reality the "tertiarist" slogans of the national-reformists and Christian socialists at their better times.

The social democratic plan, which is not without a certain anti-Americanism, is a social-reformist version of Latin American capitalism's way out of the cross-hairs of social development which had taken shape in the 1970's. Social democracy pretends not so much to the displacement of the transnational corporations and the United States as to a division of power within the framework of "peaceful" inter-imperialist and capitalist competition.

In the last 60 years the Latin American countries have traversed a long path of socioeconomic and political development which may be portrayed schematically in the following periodization. In the period 1918-1939--at the first stage of the general crisis of capitalism--the countries of the continent, accumulating bourgeois-capitalist elements of social relations, sought ways to accelerate development, endeavoring to reach the foremost boundaries of the age; bourgeois revolutions occurred in the course of which attempts were made to solve the agrarian problem. But the main purpose of these revolutions was in fact a social question, namely, an endeavor to direct mutual relations between the entrepreneurs and the working class in the channel of accelerated capitalist development.

At the second stage--the 1940's-1950's--the state sector of the economy in Latin America was formed (it was the first component of the future state-monopoly capitalism, as distinct from the European countries, where the state sector had evolved mainly after the appearance of monopolies proper). As result of the revolutions and national-reformist transformations of the 1940's-1950's at the very end of the 1950's and the start of the 1960's, following the formation of the state sector and with its assistance, prerequisites evolved on the continent for the formation of local monopolies. And simultaneously the first socialist revolution on the continent--the Cuban revolution--was proceeding victoriously and developing; competition between capitalism and socialism moved to American soil. The 1960's were the boundary at which a choice was determined (at this historical stage)--between socialism and the development of capitalism in the monopoly phase. The bourgeois governments of a number of countries implemented reforms within the framework of the Alliance for Progress program, laying the foundations of a ruling bloc in which foreign monopoly capital participated together with the state and the local monopolies. The endeavor of the foreign monopolies to establish their dominating role in this bloc led to an outburst of national-democratic sentiments and the creation in a number of countries of broad democratic and anti-imperialist fronts, which put forward their own development alternative. The most striking events of this period were the Chilean revolution, the governments of J. Velasco Alvarado in Peru and J. Torres in Bolivia, the coming to power of the Justicialist government in Argentina and the creation of the Broad Front in Uruguay.

Simultaneously the forces of international imperialism undertook a broad counter-offensive, as a result of which they succeeded in inflicting a number of defeats on the people's movement in the countries of the continent. A terrorist military dictatorship was established in Chile, Bolivia and Uruguay, the Justicialist government in Argentina fell and the dictatorships in Paraguay and Uruguay embarked on the path of fascistization of the regimes.

At the same time it cannot be said that even in this period the revolutionary national liberation and anti-imperialist process came to a halt or died. The successful building of socialism on Cuba, which had emerged from the economic and political isolation imposed by the United States, continued. The degree of the organization and mobilization of the working class, which had shown its capacity for struggle (and the achievement of victories) even under these most difficult conditions, reached a qualitatively new level. A whole number of Caribbean countries achieved political independence and embarked on the path of anti-imperialist struggle. The Nicaraguan people's victory in their struggle against the Somoza dictatorship should be viewed precisely as the result of the latent accumulation of revolutionary potential in this part of the world. The Nicaraguan revolution is a new landmark in the development of the revolutionary processes in Latin America. The events in El Salvador also testify to this.

The development of the revolutionary process in Latin America incontrovertibly confirms the basic conclusions of Marxist-Leninist science concerning its content and main prospects: in their irresistible offensive against the positions of imperialism the peoples of the socialist countries and the international workers and national liberation movements are merging into a single mighty stream of social-class and political forces, affording new possibilities of society's transformation on the paths of democracy, social progress and peace and socialism.

The working class is acquiring increasingly great weight, influence and significance in all components of the revolutionary process.

The development of the revolutionary movement in Latin America must be viewed in the light of the tremendous changes which have occurred in the world since the start of the general crisis of capitalism, which was initiated by the Great October Socialist Revolution in Russia and intensified by the military-political and moral-ideological rout of fascism, the formation and development of the world socialist system, the completion of the developed socialist society in the USSR and the comprehensive building of communism and the collapse of capitalism's colonial system. The struggle of the Latin American proletariat has developed under the conditions of the fundamental change in the correlation of forces in the world, the increased influence of socialism on all processes of world development and the growth of the authority and influence of Marxism-Leninism.

Exceptionally great influence on the revolutionary movement in Latin America has been exerted by the Cuban revolution, which initiated major revolutionary changes in the countries of the continent, dispelled the myth of geographical fatalism and accelerated the maturation of subjective factors of the revolutionary struggle. The significance of the democratic and anti-imperialist struggle of the Latin American working class at the current stage can only be understood in profound organic connection with the Cuban revolution.

The democratic and anti-imperialist movement in this region of the world is a result of the current stage of the general crisis of capitalism. It cannot be viewed in isolation from the successes of the policy of peaceful coexistence pursued by the Soviet Union, the exacerbation of the class struggle in the main imperialist powers and the major defeats of U.S. imperialism in the world arena (Vietnam, Afghanistan and other regions of the world). On the other hand, the weakening of the positions

of reaction and imperialism is making their resistance the more bitter and imparting particular subtlety and fierceness to their counterattacks.

The Latin American revolutionary movement is thus a component of the world revolutionary process and characterizes a most intensive form of the struggle between the forces of democracy and imperialism in the modern era.

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## INTERNATIONAL

### ETHNIC CONFLICTS IN ASIA, AFRICA ANALYZED, SOLUTION OFFERED

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[Article by Dn. Yeremeyev, doctor of historical sciences: "Anatomy of Ethnic Conflicts (An Attempt To Classify Ethnic Situations in Asia and Africa)"]

[Text] The present-day ethnic and political maps of Asia and Africa do not coincide in many respects. This was historically determined: Some of the Afro-Asian countries are former feudal monarchies with numerous nationalities and tribes within their boundaries (for example, Iran, Afghanistan and Ethiopia), while others are former colonies where boundaries were set by colonizers without any consideration for the ethnic territories of various peoples (most of the African states, for example). All of this has given rise to ethnic diversity and ethnic overlapping in many countries on both continents. The ethnic problems in these countries are often aggravated by external imperialist forces striving to use them in their own interest to weaken the liberated countries.

#### Ethnic Situations

Most of the Asian and African countries are polyethnic: Almost all of them are populated by many ethnic groups with differing levels of development (an established nationality, a budding nationality, a national group, a tribe). This is why the national question or, in the broader context, ethnic problems occupy an important place in the sociopolitical life of these countries.

Monoethnic countries are truly the exception to the rule on these continents. They are Japan, Korea, the Yemen Arab Republic and Bangladesh, where a single ethnic group represents 98-99 percent of the population (respectively, Japanese, Koreans, Arabs and Bengalis). These countries, regardless of their social structure, generally do not suffer from ethnic conflicts because of the demographic insignificance of national minorities. Almost all of the Arab countries are similar to them in terms of the ethnic situation (Arabs represent around 90 percent of their population).

The ethnic composition is more complex in Kampuchea, Iraq and Turkey. In addition to the basic ethnic group here, which constitutes from 80 to 90 percent of the

population (respectively, Khmers, Arabs and Turks), other nationalities make up a significant share of the population. In Iraq and Turkey, the Kurds essentially represent a second national ethnic group and their absolute and relative numbers are quite high: 18 percent, or around 2 million, in Iraq, and 10 percent, or up to 4.5 million, in Turkey. These two countries could be called biethnic because their other national minorities are quite small.

As for the polyethnic countries, many of them are populated by dozens or even hundreds of ethnic groups (India, Indonesia, Burma, Nigeria and others). They can be divided into two groups in terms of the ethnic composition of their population.

1. Countries in which one ethnic group represents half of the population or more: Iran (50 percent Persian), Thailand (50 percent Siamese), Pakistan (60 percent Punjabi) and Sri Lanka (70 percent Sinhalese). In these cases, ethnic conflicts can evolve into national chauvinism on the part of the dominant ethnic group, discrimination against national minorities and their forced assimilation. This is often the case in biethnic countries as well (Turkey and Iraq).

2. Countries in which there is no clearly dominant ethnic group: India, Malaysia and Nigeria. The ethnic conflicts that arise here, regardless of their intensity (the civil war of 1967-1970 in Nigeria can serve as an example of the most extreme form taken by this kind of conflict), are generally settled by the establishment of a federal structure in the form of a union of states or a federation: the Republic of India--a union of states (22 administrative units) and union territories (9 administrative units), the Federation of Malaysia (13 states) and the Federal Republic of Nigeria (19 states).

Special problems arise from the historically determined partition of a single ethnic group by state boundaries (the Kurds, Pushtuns, Baluchis and others in Asia and many African ethnic groups south of the Sahara). One specific case is the separation of the Palestinians by the Israeli occupation of their territory: Palestinian Arabs live in Jordan (44 percent of the ethnic group), Israel (16 percent), the Gaza Strip (14 percent), Lebanon (8 percent), Kuwait (7 percent), Syria (7 percent) and so forth.

In addition to their ethnic diversity, almost all of the Asian and African countries are exceptionally diverse in terms of the religious beliefs of their inhabitants; they are polyconfessional. In most of the South and Southeast Asian countries all of the world religions (Buddhism, Christianity and Islam) are represented along with local beliefs. In Southwest Asia and North Africa, where almost all of the countries are Muslim (with the exception of Lebanon and Israel), Islam is divided into rival currents (Sunnite and Shiite) and sects (Imamites, Ismailis, Druzes, Zeidis, Ibadis and others). Other religions are also represented here (various branches of Christianity, Judaism and traditional cults). In the countries south of the Sahara, Muslim communities of various currents, sects and subsects live near Christians, also of various branches, "traditionalists," or the persons professing the numerous tribal cults, and, finally, the Afro-Christians, who combine Christianity with traditional beliefs.

Perhaps the most complex situation is found in India, where a polyethnic structure (in addition to large national groups--Marathi, Bengali, Gujarati, Tamil, Telugu and others--so-called minor national groups also live here--the Munda-speaking Santali,

the Dravidian-speaking Gondi, the Tibeto-Burman-speaking Nagas, the Mon-Khmer-speaking Khasi, the Hindi-speaking Bhili and others) is combined with polyconfessionality (Hinduism, Islam, Sikhism, Buddhism, Jainism, Zoroastrianism, various branches of Christianity and tribal cults). The Indian ethnic structure is also marked by racial diversity--caucasoids, australoids, mongoloids and many mixed and intermediate types. The ethnoconfessional and ethnoracial diversity is complicated even more by the traditional caste system.

These are the general features of the ethnic situation in the Asian and African countries, a kind of foundation which, under certain circumstances, can become a nutritive medium for ethnic conflicts.

### Signs of Ethnic Contradictions

The "we-they" antithesis plays a special role in ethnic relations. It is based on differences in language, culture, religion, customs and so forth. In some cases the most important factor is language, in others it is religion, and in still others it is cultural distinctions, customs and behavioral traits.<sup>1</sup> Sometimes all of these phenomena are perceived as something strange by members of another ethnic group. For example, the language spoken by other people motivated the ancient Greeks to call them barbarians (meaning literally that they muttered or spoke unintelligibly); Indians are amazed when a European wife calls her husband by his name; Arabs, Turks and other Muslims cannot understand why non-Muslims eat pork, and Christians find the Islamic ban on pork strange; the Hindu tabu on beef is incomprehensible to other people, as is the Jains' refusal to kill any living thing, the Zoroastrian custom of disposing of corpses by exposing them to birds of prey, and so forth.

All of these phenomena, which were brought about by historical factors, perform a social function by uniting specific groups of people and thereby setting them apart from all other groups. Integration and segregation are two inextricably linked aspects of this function. What is more, it is not the linguistic or cultural phenomenon in itself that is important, but the way in which it affects interpersonal relations. Inter-ethnic relations are primarily determined by linguistic and cultural phenomena. In this sense, even religion as a social phenomenon is not so much a matter of man's relationship with an imaginary god as it is a matter of interpersonal relations affected by beliefs about god<sup>2</sup> (and it is no secret that god or the gods are described quite differently in different religions).

The segregating and integrating role of religion is quite apparent when one or several ethnic groups of a single faith oppose the members of another religion. For example, the Moros, the Muslim community in the Philippines, taking in the Mindanao, Lanao, Yakan, Sulu and Samal ethnic groups, oppose the Philippine Christian community, which includes the Tagalog, Visaya, Ilocano, Bikol, Pampangan, Pangasinan, Ibanag and Sambal ethnic groups. In the PRC the Muslim Hui are a separate nationality.

The ethnosegregating role of religion is reflected in the division of several Hindustani ethnic groups, divided not only by state boundaries but also by religious beliefs--Bengalis (60 percent in Bangladesh and 40 percent in India), Punjabis (71 percent in Pakistan and 28 percent in India), Sindhis (84 percent in Pakistan and 16 percent in India). In India these are mainly Hindus, and in



Pakistan and Bangladesh they are primarily Muslims (for example, 80 percent of the population in Bangladesh is Muslim and 18 percent is Hindu). The segments of these ethnic groups with different religions are gradually becoming independent ethnic groups—for example, the Bangladeshi.

The "we-they" antithesis is the prominent element of the ethnic consciousness; that is, the awareness of ethnic community that is characteristic of each ethnic group, whether it is a nationality, national group or tribe. The consciousness of this community is the main subjective sign of its objective existence: It is based on a community of language, religion or culture, but most often on a community of more than one of these phenomena. Ethnic consciousness, as a subjective phenomenon, includes the feelings of members of an ethnic group about the qualities, actions and achievements of their own community—that is, their self-appraisal or ethnic autostereotypes (positive, as a rule)—and their assessment of other, perhaps neighboring, ethnic groups—ethnic stereotypes (often negative).

These stereotypes naturally influence ethnic likes and dislikes and the behavior of people in various types of inter-ethnic contacts.<sup>3</sup> In this context, the "we-they" opposition can be reflected to varying degrees: from antagonism to completely peaceful dissimilarity, or more of a comparison than a contrast.<sup>4</sup> It is doubtful, however, that the determining reality behind all of these stereotypes consists of the objective factors of ethnic convergence, divergence and contradiction. It should be stressed that there is nothing "fatalistic" or predestined about ethnic contradictions that arise under specific circumstances. The ethnic contradiction is only a reflection of specific factors with much deeper roots, primarily in the socioeconomic sphere.

#### Content of Ethnic Conflicts

As we know, ethnic groups in the Asian and African countries are on the most diverse levels of ethnic and socioeconomic development—from wandering tribes of hunters and gatherers with their primitive economy and outdated social order, and tribal unions of nomadic livestock breeders, bound together by patriarchal feudal relations, to highly developed peoples who have evolved or are evolving into a nation in which the leading role is played by capitalist, or even socialist, relations. These differences in the socioeconomic development of ethnic groups alone constitute a precondition for ethnic contradictions and conflicts.

Ethnic contradictions reach their extreme point in countries taking the capitalist road of development because the total equality of ethnic groups is unattainable in societies divided into antagonistic classes. As V. I. Lenin said, "it is impossible to eradicate national (and political, in general) oppression in the capitalist society. It is essential to eradicate classes or, in other words, to institute socialism."<sup>5</sup> But even in socialist societies, even in the mature socialist society, national relations represent a reality which is constantly developing, posing new problems and setting new priorities.<sup>6</sup>

History tells us that the underlying cause of the exacerbation of the national question in class-antagonistic societies has always been socioeconomic contradictions: either contradictions between the elite dominant ethnic group and the masses of the oppressed group, or contradictions between the ruling classes of

different ethnic groups (between feudal clans in the feudal society and between bourgeois groups in the capitalist society). In the Ottoman Empire, for example, ethnic contradictions between Muslim peoples were essentially contradictions between the Turkish feudal lords on one side and the feudal lords of Arab countries, Kurdistan and Albania on the other. After the development of capitalist relations, ethnic contradictions began to reflect economic contradictions and competition between the bourgeoisies of various ethnic groups in a more dramatic form; in Turkey, this was a contradiction between the young Turkish bourgeoisie and the foreign bourgeoisie, primarily Greeks and Armenians. The ethnic confrontation between these bourgeois groups was exacerbated by religious differences (the Muslim Turks against the Christian Greeks and Armenians). The results were tragic: the persecution, slaughter and deportation of both national minorities.<sup>7</sup>

A similar cause of ethnic confrontation lay at the basis of the recent inter-ethnic conflicts in countries where the national bourgeoisie's development was accompanied by its increasing intolerance for its competitors, bourgeois national minorities or foreigners, and the extension of its hatred to the entire ethnic group--Indians in Burma, Kenya, Tanzania and Uganda, Chinese in Indonesia, the Philippines and Thailand, both in Malaysia, Jew, Copts and Levantines in Egypt, and so forth. Competition and economic contradictions between the bourgeoisies of different ethnic groups also lie at the basis of the ethnic confrontations between the Ibo and Yoruba in Nigeria, the Kikuyu and Luo in Kenya and the Ganda and Nilotic-speaking ethnic groups in Uganda.

In societies of the transitional type, these contradictions can exist on different structural levels: the bourgeoisie and the feudal lords, for example. In Ghana, for instance, in addition to contradictions between the Ewe bourgeoisie and Fanti bourgeoisie, a significant role is also played by contradictions between the Ewe bourgeoisie and the Ashanti feudal lords. In Mali the Tuareg tribal elite has special interests, and in Uganda this is true of the former Buganda "royalty" from the Nkole and Toro ethnic groups.

An ethnic conflict can be the result of elementary economic discrimination. For example, the ethnic dissension between the Ilocano and Visaya groups on the island of Negros (the Philippines) was provoked by the lower wages paid to Ilocano laborers--newcomers--on plantations than to local Visaya laborers; inequality in the payment of wages also led to the conflict between the miners of northern Luzon (also the Philippines)--Tagalog and Igorot.<sup>8</sup>

Another factor is discrimination in government. In Chad the conflict between the northern Tebouri and the Moubi inhabitants of the central regions on one side and the Sara southerners on the other was the result of the latter's practice of seizing control over all key government posts and using them for personal gain. In general, when members of any single ethnic group prevail in government, this often gives rise to outbursts of ethnic hostility (in the Congo, Benin, Nigeria and Kenya). For example, in Kenya the Kenyatta government conducted a policy of Kikuyu-ization in government (Kenyatta was a Kikuyu himself), as a result of which members of this ethnic group, which constitutes only 20 percent of the nation's population, occupied up to half of all government offices along with members of the closely related Meru and Embu groups. This was interpreted by other ethnic groups as political discrimination.

# Ethnic Groups Divided by State Boundaries

## Groups (Asia)

## States, percentage of total group

Pushtuns	Pakistan--60, Afghanistan--40
Kurds	Turkey--40, Iran--31, Iraq--22, Syria--5
Baluchi	Pakistan--65, Iran--29, Afghanistan--4
Hazaras	Afghanistan--91, Iran--9
Nepali	Nepal--82, India--18
Lao	Thailand--84, Laos--16
Khmer	Kampuchea--85, Vietnam--8, Thailand--7
Miao*	PRC--87, Vietnam--8, Thailand--7
Yao	PRC--74, Vietnam--20

## (Africa)

Hausa	Nigeria--84, Niger--14, Chad--2
Yoruba	Nigeria--96, Benin--2, Togo--1
Fulbe	Nigeria--57, Guinea--14, Senegal--7, Mali--6, Cameroon--5, Niger--4
Sudanese Arabs	Sudan--86, Chad--13
Nyarwanda	Rwanda--48, Zaire--32, Uganda--18
Akan	Ghana--77, Ivory Coast--23
Rundi	Burundi--62, Zaire--16, Tanzania--15
Makua	Mozambique--81, Malawi--16
Kongo	Zaire--73, Angola--14, Congo--12
Malawi	Malawi--60, Mozambique--22, Zambia--14
Shona	Zimbabwe--87, Mozambique--11
Mossi	Upper Volta--65, Ghana--32

\* This group is called Meo in Vietnam and Laos.

[Table continued on next page]



Table [continued]

<u>Groups</u>	<u>States, percentage of total group</u>
Somali	Somalia--77, Ethiopia--12, Kenya--7
Kanuri	Nigeria--84, Niger--13, Chad--3
Malinke	Guinea--38, Mali--18, Ivory Coast--15, Senegal--14, Gambia--8
Banda	Central African Republic--70, Zaire--25, Cameroon--4
Luhya	Kenya--81, Tanzania--19
Azande	Zaire--70, Sudan--19
Ewe	Ghana--53, Togo--46
Bemba	Zambia--81, Zaire--17
Luo	Kenya--94, Tanzania--6
Fang	Cameroon--72, Gabon--16, Equatorial Guinea--11
Bambara	Mali--92, Ivory Coast--7
Senoufo	Ivory Coast--53, Mali--37, Upper Volta--10
Kissi	Sierra Leone--77, Guinea--20
Tiv	Nigeria--87, Cameroon--11
Lobi	Upper Volta--49, Mali--25, Ivory Coast--22, Ghana--4
Songhai	Niger--62, Mali--20
Kalenjin	Kenya--90, Tanzania--7
Swahili	Tanzania--84, Zaire--5, Mozambique--4
Turkana (Teso)	Uganda--79, Kenya--20
Nubians	Sudan--87, Egypt--13
Moru-Madi	Zaire--52, Uganda--41, Sudan--7
Yao (Vai)	Malawi--48, Tanzania--28, Mozambique--24
Chokwe	Zaire--42, Angola--38, Zambia--20

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Table [continued]

<u>Groups</u>	<u>States, percentage of total group</u>
Boura	Nigeria--88, Cameroon--12
Sara (Baguirmi)	Chad--85, Sudan--10
Tchamba	Nigeria--46, Cameroon--25, Chad--24
Beja	Sudan--94, Ethiopia--5
Swazi	South Africa--59, Swaziland--40
Teke	Zaire--67, Congo--31
Makonde	Tanzania--95, Mozambique--5
Tonga	Zambia--86, Zimbabwe--14
Kinga	Tanzania--94, Malawi--6

Source: S. I. Bruk, "Narody mira. Etnodemograficheskiy spravochnik" [The World's People. Ethnodemographic Handbook], Moscow, 1981, pp 165-175.

Sometimes language plays the leading role in ethnic conflicts: Contradictions between ethnic groups may have deep-seated socioeconomic causes but are manifested as linguistic contradictions. For example, the differing levels of socioeconomic development of the many ethnic groups in India provide a pretext for "linguistic confrontation" between different nationalities and in relation to the central government. This is attested to by the long history of struggle to create a number of states and union territories in India that are essentially autonomous linguistic units.

The constitutions of a number of states with a polyethnic population recognize several languages as official or equal in an attempt to alleviate ethnic discord: In Afghanistan Pushtu and Dari have been declared official languages, and in India Urdu (the language of the majority of Indian Muslims) is assigned a special status along with Hindi and English and the state languages in India have been declared constitutional.

In general, one of the main aspects of the language problem in polyethnic countries, or countries that are primarily multilingualistic, is the question of which language is to be chosen as the state (or official) language. The choice of a language belonging to a particular ethnic group as the official language in a multilingualistic country is often interpreted by other ethnic groups as an infringement of their prestige and of their financial interests: The need to master another language is also an infringement because the study of any foreign language requires both time and money.

The most common solution is the choice of a "neutral" language, not belonging to any ethnic group in the nation, as the official language. This can either be the language of the former mother country, as is the case in many African countries south of the Sahara, or two languages: one the language of the former mother country and the other a local language (in Tanzania, Malawi, Uganda and the Philippines, for example). Pakistan also had two official languages, English and Urdu, until 1969. A decision was then made, however, to gradually replace English with Urdu, which is being accomplished successfully. In this case, the success is due to the fact that Urdu has long been the language of inter-ethnic communication in northwest Hindustan (that is, approximately the territory now known as Pakistan) and, what is most important, this is not the native language of the dominant ethnic group (Punjabi) and is consequently just as neutral in this respect as English, and therefore more acceptable to the other ethnic groups in Pakistan than, for instance, Punjabi.<sup>9</sup>

The importance of the "neutrality" of a language for its acceptance as the official language is also attested to by the Indian and Singaporean solutions to the language problem. In India the original plan to make the official language and the language of inter-ethnic communication Hindi, which is the common language of many ethnic groups in northern and western India in its Hindustani form, was not carried out. In 1962 the Parliament resolved to continue the use of English as a second official language for an indefinite period of time. English is still given preference in the states of eastern and southern India. These states, where there is virtually no Hindi-speaking population, have become bilingual--the local language plus English, and never the local language plus Hindi.<sup>10</sup> This is apparently the same reason that English is taking the lead in Singapore, where it is one of the official languages along with Malay, Chinese and Tamil. In essence, it has become the language of inter-ethnic communication. What is more, judging by government directives regarding language, it is being given preference in government and in the educational system.<sup>11</sup> The situation is the same in the Philippines, where English was retained as the official language along with Tagalog. It serves as the language of inter-ethnic communication and the language of literature, science and secondary and higher education.

Therefore, it seems obvious that a neutral language is most likely to please all ethnic groups in a country: The members of each ethnic group must learn it from the bottom up, there are no "linguistic privileges from birth" or, consequently, financial inequality in conditions for the mastery of the language, and, finally, there is no encroachment on ethnic prestige.

The language problem becomes acute when a government forces national minorities to assimilate. For example, the Kurd question in Turkey, which has undergone periodic exacerbation throughout the Turkish Republic's history, is largely due to the fact that the Kurds do not have elementary national rights--the right to speak and study in their native language, to have their own press and radio broadcasts, and so forth. In Sudan, which was declared a unitarian state with a single language (Arabic) and a single religion (Islam) in the constitution of 1968, the linguistic autonomy of the Nilotic southerners has been a sore spot. Although an agreement was concluded on the regional autonomy of the southern provinces in 1972, the policy of forced Arabization is still going on and could certainly give rise to new complications.



In both of these examples, "linguistic inequality" is not the only reason for ethnic conflicts. The underlying factors are socioeconomic: The Kurd provinces in Turkey and the southern provinces of the Sudan are the most underdeveloped areas in these countries.

Religious differences often play the leading role in ethnic conflicts. They have covered up the actual causes of the civil war started in Lebanon by Christian separatists. Religious differences have complicated the situation in Chad, Nigeria, Kenya, the Sudan, Mauritania, Ethiopia, India and the Philippines. For example, the conflicts between the northerners (Muslims) and southerners (Christians or "traditionalists") in Chad, Kenya and Sudan have religious overtones.

Religious conflicts become extremely intense when there is political or economic discrimination against a particular religious community. After the Philippines won its independence in 1946, for example, the government began to discriminate against the Muslim population, the Moros. Local government in their regions was controlled by Christian bureaucrats, the best lands were settled by Christians and the Moro regions were even subjected to discrimination in government budget financing practices. This was the atmosphere when the Moros began to demonstrate for autonomy and when the separatist movement was launched for the separation of Mindanao, Palawan and the Sulu archipelago from the Philippines. The recent history of Uganda provides another example. The regime of Idi Amin (he is a Muslim) helped Muslims to gain a dominant position in government, although the Muslim community in the country did not exceed 10 percent of the total population. Command posts in the army were offered primarily to Muslims, who were more loyal to the government. This was followed by the persecution of Christians, mainly the members of the Bantu-speaking ethnic groups.

We can therefore summarize the deep-seated factors of ethnic conflicts as the following (including conflicts with linguistic or religious overtones): 1) the economic and social inequality of ethnic groups, economic discrimination, economic struggle between different segments of the bourgeoisie; 2) political inequality, the predominance of members of one ethnic group in government and the army to the detriment of other ethnic groups; 3) linguistic inequality, the designation of the language of one ethnic group as the state (or official) language without sufficient grounds; 4) forced assimilation, the denial of the right to autonomy, religious persecution.

In addition to these factors, there is also an external factor that intensifies or even causes ethnic conflicts in some cases. This factor is intervention by international reactionary forces--imperialist neocolonial circles and the Beijing extremists and hegemonists. These forces, acting in concert with internal reactionary forces, try to use ethnic contradictions and complex ethnic situations for their own purposes--to weaken states with an independent foreign policy, destabilize the situation in countries with an undesirable sociopolitical order, overthrow governments instituting progressive reforms, and so forth.

These forces stir up hatred between Muslims and Hindus in India and between Sunnites and Shiites in the Islamic countries, fuel the nationalist passions of the Somalis in Ethiopia and Kenya and the Ewe in Ghana, set the Kongo against the Mboshi in the Congo, rouse dissension between the Afars and Issas in Djibouti, take every

opportunity to underscore the ethnic differences between the peoples of Zimbabwe, stress these differences while recruiting mercenaries in Namibia, and so forth.

These forces are taking advantage of the desire of some divided ethnic groups for reunification (for example, the Kurds, Baluchis and Pushtuns in Asia and the Somalis, Ewe and Kongo in Africa) and are supporting separatism in other cases (for example, the Fulbe in Guinea). The Beijing leaders are trying to take advantage of the separatism of some peoples in South and Southeast Asia to establish their own supremacy in this part of the world and even to extend China's borders at the expense of neighboring countries. Beijing is arming, training and inciting separatists in India, Burma, Thailand, Malaysia and the Philippines for antigovernmental actions.

The so-called Lewis Plan represents an attempt to use the ethnic situations and ethnic conflicts in the Near and Middle East in the interest of imperialism and neocolonialism. The basis of this plan is the idea of establishing new state boundaries and even creating new states here: a South Lebanese Christian state, a Shiite state in Hasa (Saudi Arabia), Arabistan in southwest Iran, Baluchistan in the territory populated by Baluchis and now extending into Iran, Pakistan and Afghanistan, and Kurdistan in the Kurd regions of Iran and Iraq.

#### Ways of Solving Ethnic Problems

The unification of all progressive forces in the developing countries, brought about by the national liberation struggle, which takes the form of struggle against neocolonialism and for economic and spiritual liberation after political independence has been won, as well as the epoch-making changes in many spheres of social life in these countries--the social awakening of the popular masses, industrialization, urbanization, the consolidation of economic ties between individual regions, the formation of a single domestic market, the development of education and the effects of the technological revolution--are accelerating the national consolidation of large ethnic groups (nationalities and national groups) and merger of small ethnic groups (tribes, tribal unions and local ethnic groups) and strengthening their sense of belonging to a single state. In India, for example, the Marathi, Bengali, Gujarati, Punjabi, Tamil, Kanarese, Malayalam and other ethnic groups have merged into a single nationality; in addition to this, all ethnic groups are acquiring a stronger sense of belonging to a single state. In Africa nationalities are also being formed--Mandingo (in Mali), Hausa and Yoruba (in Nigeria) and others. This has been accompanied by the development of a sense of statewide affiliation in all Malians, all Nigerians, all Guineans, and so forth.

The constitutions and policy-planning documents of ruling parties in a number of Asian and African states speak of "nationality"--Indian, Indonesian, Malian, Guinean, and so forth. This thesis, as something which unites various ethnic groups politically, in a single state, is indisputably progressive. But it also seems to remove the ethnic problem from the agenda, either postponing or ignoring its resolution, which is generally connected with considerable difficulties. What is more, the declaration of all ethnic groups within the boundaries of a single state as a single nationality can provide a pretext for ethnic conflicts if any ethnic group is subjected to economic, political or linguistic discrimination. This occurred in Pakistan prior to the formation of Bangladesh, when the official doctrine of "one state, one nationality, one religion, one language" was used as an excuse

for not only ignoring the specific national features of the Bengalis but also for subjecting them to political and economic discrimination.

Many developing countries are trying to solve the ethnic problem by democratic means. This is the purpose of the special provisions in the constitutions of India, Nigeria and Guinea and the policy statements of revolutionary parties--FRELIMO (Mozambique), the MPLA-Labor Party (Angola), the Benin People's Revolutionary Party, and so forth.

The Leninist principles of democratic settlement of the national question could be of tremendous practical value in overcoming difficulties in the national development of many Asian and African countries. In particular, V. I. Lenin stressed the importance of the following principle: "No privileges for any nationality or any language."<sup>12</sup> As an example of the successful resolution of the national question even in a capitalist society, he cited Switzerland, where there is no single state-wide language.<sup>13</sup> At the same time, V. I. Lenin expressed the view that the "requirements of economic circulation will determine the particular language that the majority of the population will have to learn in the interest of trade relations. This determination will be made firmer by its voluntary acceptance by persons of various nationalities and will promote a quicker, broader and more consistent process of democratization."<sup>14</sup>

The most successful solutions for ethnic problems are illustrated in the history of the socialist countries, especially the experience of the USSR. Here we can single out a number of general principles set forth by V. I. Lenin and employed in the course of socialist reforms: the recognition of the right of every ethnic group, large or small, to self-determination, which can be exercised in various forms--from total state sovereignty to varying degrees of autonomy; guaranteed full equality for all ethnic groups, recorded in the constitution and enforced in practice; the prohibition and eradication of all types of discrimination, just as of all types of privileges based on national, religious, linguistic or racial characteristics.

#### FOOTNOTES

1. See Yu. V. Bromley, "Etnos i etnografiya" [The Ethnic Group and Ethnography], Moscow, 1973, pp 27, 31.
2. See S. A. Tokarev, "An Inquiry into the Methods of the Ethnographic Study of Material Culture," SOVETSKAYA ETNOGRAFIYA, 1970, No 4; Tokarev, "Religion as a Social Phenomenon," Ibid., 1979, No 3.
3. Yu. V. Bromley, Op. cit., pp 97, 101.
4. B. F. Porshnev, "Opposition as a Component of Ethnic Consciousness"--"IX MKAEN. Doklady sovetskoy delegatsii" [The Ninth World Congress of Anthropologists and Ethnographers. Reports of the Soviet Delegation], Moscow, 1973, p 14.
5. V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], vol 30, p 22.



6. See L. I. Brezhnev, "Aktual'nyye voprosy ideologicheskoy raboty KPSS" [Current Issues in CPSU Ideological Work], vol 1, Moscow, 1979, p 488.
7. "Natsional'nyye protsessy v stranakh Blizhnego i Srednego Vostoka" [National Processes in the Near and Middle East], Moscow, 1970, pp 49-59.
8. "Etnicheskiye protsessy v stranakh Yugo-Vostochnoy Azii" [Ethnic Processes in the Southeast Asian Countries], Moscow, 1974, pp 284-285.
9. "Etnicheskiye protsessy v stranakh Yuzhnoy Azii" [Ethnic Processes in the South Asian Countries], Moscow, 1976, pp 194, 212.
10. Ibid., pp 86, 96.
11. "Etnicheskiye protsessy v stranakh Yugo-Vostochnoy Azii," pp 246, 251.
12. V. I. Lenin, Op. cit., vol 24, p 391.
13. Ibid., p 117.
14. Ibid.

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### CURRENT STATUS OF THIRD WORLD LIBERATION STRUGGLE

Moscow AZIYA I AFRIKA SEGODNYA in Russian No 5, May 81 (signed to press 11 May 81) pp 14-17

[Article by Doctor of History N. Simoniya: "The Current Stage of the Liberation Struggle"]

[Excerpt ] A characteristic feature of the liberation process in the period between the two congresses was the emergence of a new group of countries oriented toward socialism. Furthermore, from the very outset this group has, as a whole, been distinguished by greater purposefulness and greater clarity of class position compared with its predecessors in the 1960's and the adoption of Marxist-Leninist teaching as the ideological basis of political struggle. All this has as its consequence a relatively rapid "closing" of revolutionary democratic power with people's democratic power in a whole number of parameters. In fact the development of a socialist orientation into a people's-democratic type of revolutionary process is under way (in Angola, the People's Democratic Republic of Yemen, Ethiopia and Mozambique, for example).

As the report emphasized, the development of the countries of a socialist orientation is not, of course, occurring identically but proceeding under complex conditions. They have also had defeats and individual setbacks. It appears to us primarily that today even there is the possibility of concretizing the revolutionary process (stage) of the approach toward a socialist orientation and, consequently, the moment of embarkation on this progressive path, that is, distinguishing more scientifically proclaimed slogans and intentions from the real historical process. True embarkation on the path of a socialist orientation should, evidently, be preceded by the following obligatory stages (although not necessarily in the sequence indicated below).

1. Revolutionary democracy's political separation from bourgeois democracy and the removal of the latter from the levers of political power.
2. Economic separation from the bourgeoisie: nationalization of foreign and national big capital and the establishment of control (regulation) over the activity of middle and petty entrepreneurship through various forms of state capitalism.
3. A separation process within petit bourgeois democracy itself in line with the extension of socioeconomic transformations. It presupposes: a) removal from

political power of the reactionary-bureaucratic wing, which aspires to the monopolization of political power and the formation of bureaucratic capital, b) removal from power of liberal petit bourgeois democracy, which is constantly ready to compromise with the bourgeoisie, as far as the return of its representatives to political power and c) transition of the "morass" (the constantly vacillating, most populous section of petit bourgeois democracy) to the side of the factions of the left or, as a minimum, its neutralization.

4. The moment of the concentration of political power in the hands of the revolutionary-democratic forces of the left may be considered the main condition and the start of embarkation on the path of a socialist orientation.

However, embarkation on this path does not in itself contain any guarantee of successful advancement along it. It is essential to secure and maintain the revolutionary leadership's strong ties to the broad masses of the population and to secure a strong social base for the progressive regime and a guarantee of society's political stability. It is also necessary to secure the external factor of social and economic progress (borrowing forms and methods of social transformations and also obtaining a minimum of technology, equipment and technical assistance), that is, the very possibility of avoiding the capitalist development stage.

For the creation of the above conditions the following are essential features of the further development of the revolutionary process in the domestic political plane as important guarantees against counterrevolution:

1. Political separation from various leftist factions in the revolutionary-democratic leadership. The importance of this separation has been shown, unfortunately, by many concrete-historical examples. The point being that a certain section of the leftist (and, sometimes, simply adventurist) leadership attempts to use in its own personal or group interests the mood of impatience and the aspiration to taste immediately the as yet unripe fruits of the revolutionary transformations of society which objectively exist in certain strata of the population.

What damage may be done to society if such elements gain the political initiative can best be seen in the example of the "great leap forward" and the "cultural revolution" in China. Nevertheless, manifestations of leftism and adventurism also occurred in the recent past of certain countries of a socialist orientation. In Afghanistan, for example, a part of the previous leadership attempted to unjustifiably artificially speed up the socialist transformations and immediately raise them to the level of a people's-democratic revolution. This led to a serious exacerbation of the situation, of which advantage was taken not only by internal but also external counterrevolutionary forces. The country's present leadership headed by Babrak Karmal has made vigorous efforts to rectify the situation which was created and to form a broad front of national-patriotic forces for the consistent accomplishment of the tasks of the national-democratic revolution.

2. Constant struggle against the trends of bureaucratism in the revolutionary-democratic leading stratum. In removing the reactionary-bureaucratic, liberal and other factions and elements of the right revolutionary democracy is at the same time compelled to rely on the most substantial tract of petit bourgeois democracy--the "morass". It is precisely here that, penetrating practically all levels of the



machinery of state, new bureaucratic elements are regenerated. In addition, these elements have a tendency to grow into a bureaucratic bourgeoisie. The strike force of new internal counterrevolution thus emerges.

3. Perception of Marxism-Leninism and alliance with communist parties or elements. As all previous practice has shown, being "held up" a long time at the distinctive "national socialism" level is fraught with serious complications and setbacks and sometimes serves as a reason for the actual curtailment of the progressive orientation. Subjective forms of socialism may play a quite important part in the revolutionary process, but only at the stage of the approach to power and its seizure. Later, however, the constructive function of power begins to take over, and only Marxist-Leninist teaching can be the basis of such activity oriented toward socialism. That is why the evolution of revolutionary democracy itself toward scientific socialism and its rapprochement and close alliance with the communists and, finally, the complete transition to the standpoints of Marxism-Leninism—all this is both a condition and guarantee of the success of a socialist orientation.

Practical experience shows that the greatest success is achieved where the problem of the unity of revolutionary democracy and the communists has been solved correctly (Cuba, the PDRY and elsewhere). At the same time experience also testifies that attempts to reduce the unity of these two political forces merely to the question of an organizational merger and the subordination of one of them to the other are fruitless and capable of causing the revolutionary process considerable harm.

Stereotypes are impermissible here. It may be recalled in this connection that V.I. Lenin invariably warned the communist parties against a dual danger. On the one hand he pointed to the possibility of the communists' loss of independence as a consequence of their organizational dilution in the mass of nonrevolutionary factions of petit bourgeois (not to mention bourgeois) democracy, and in this case he advocated emphatic separation. On the other hand, Lenin spoke of the possibility of such a dilution and the preservation of a formal organizational independence, but with a departure from the ideological-political principles of communism. In a word, it is a question not of the form but of the substance of the matter, and modern history has already provided us with examples of both the highly successful unification of the communists and revolutionary democrats within a single organizational framework (Cuba, the PDRY) and also certain failures (Egypt).

4. Creation of a vanguard party. Under the conditions of a backward country with multiple production modes, a complex social structure and manifold political trends no group of revolutionaries, even the most sincere and consistent, can secure the orientation toward socialism of the bulk of the population and the work of the entire machinery of state without the presence of a vanguard revolutionary party of like-minded persons. Those who permitted themselves to be deluded by the facility of the accession to power without a vanguard party or by reliance on mass organizations of the national front type and who intended to continue the movement toward socialism without creating such parties were cruelly punished by history.

A characteristic feature of the 1970's is the fact that recognition of the need for the creation of a vanguard party for the success of a socialist orientation emerged in revolutionary democracy almost immediately upon the accession to power. Furthermore, upon the creation of such parties it was Marxism-Leninism and not a

distinctive socialism which was made the basis of their organizational structure, ideology and practical political activity. This does not mean, of course, that such parties immediately become communist parties (V.I. Lenin warned against such an approach in his talks with the Mongolian delegation in 1921), but points out the channel and the direction in which these organizations will be transformed.

5. The correct solution of problems of national-state building. Practically all countries of a socialist orientation have a complex national-ethnic structure, which, furthermore, is interwoven with the dissimilar level of socioeconomic development of the different national groups and different regions. A particularly important and, sometimes, critical resonance is attached to the problem of national-state building under such conditions. On the one hand state cohesion and integration and the surmounting of feudal-tribal disconnectedness and separatist trends are essential for the successful building of a modern state, on the other, just as objective a necessity is fair consideration--through different forms of autonomy--of the local national-ethnic interests of different groups of the population. The concrete historical experience of many developing countries has already shown convincingly that to ignore these interests means creating a serious threat to state integrity and, consequently, to the success of the socialist orientation itself. This experience also testifies to something else: the attempts to make national or geopolitical problems the cornerstone of political (including foreign political) strategy could do enormous damage to the socialist orientation or even lead to its curtailment (Somalia).

In the foreign policy plane guarantees of the success of the socialist orientation are the strengthening and consistent extension of economic, cultural and military-political relations with the socialist community countries. It is perfectly obvious, however, that without the alternative of socialist economic assistance the imperialist countries would simply have strangled progressive regimes with their financial-economic blockade. Equally, without the assistance rendered by the Soviet Union and other socialist states in the strengthening of the defense capability of the countries of a socialist orientation which were in need of this and which made the corresponding requests, it would have been impossible to resist the aggressive pressure of external counterrevolutionary forces (as the experience of the Angolan, Ethiopian and Afghan revolutions testifies).

The specific features of contemporary revolutionary processes in the emerging states do not amount merely to a socialist orientation. As the CPSU Central Committee Report observed, "the revolution in Iran, which is a major event in the international life of recent years, is of a special nature." The phenomenon of the Iranian revolution has stimulated oriental thought in our country in the last 2-1/2 years and forced us to take another look and from a new angle at the potential of present-day liberation movements and the role of religion and traditions in them. The anti-imperialist and popular nature of the revolution in Iran was not in any serious doubt right from the very outset. Arguments were conducted about the "ascending" or "descending" nature of this revolution, the correlation of revolution and counter-revolution and so forth.

The distinctiveness of the Iranian revolution is determined by the quite specific nature of this country's preceding socioeconomic and political development. The bourgeois social revolution (social change) which was conceived in Iran back at

the start of the century began, after of a number of evolutionary and revolutionary stages, to approach the latest crisis of the social structures at the end of the 1950's.

In an endeavor to prevent a further intensification of the crisis and a possible revolutionary way out of it internal (the shah) and external (American neocolonialism) counterrevolutionary forces resolved to display political initiative and actually carried out a coup d'etat at the start of the 1960's. The essence of it amounted to "class displacement," namely, political coercion of the feudal and clerical aristocracy, which was decisively squeezed out of the main constitutional organs of power (the parliament, the government and so forth) and the passage of the political initiative to a bourgeois-oriented bureaucracy. The shah "strangled," as it were, the class to which he himself belonged. But he did this not for the purpose of liquidating the aristocracy but, having overcome its resistance, merely to literally "drag it by the hair" toward capitalism.

The classical authors of Marxism-Leninism termed such a phenomenon "revolution from above". This "revolution" has a dual essence: in the political plane (that is, as a political bourgeois revolution) it is accomplished by counterrevolutionary forces and counterrevolutionary methods (a terrorist dictatorship), in the socioeconomic plane it represents an abrupt, spasmodic acceleration of bourgeois social change.

The above-mentioned two aspects form the basis of the exceptional contradictoriness and deadlocked nature of the shah's model of Iran's modernization, which in the latter half of the 1970's had brought the country to a new crisis of the social structures. The discrepancy between the impetuous formation of elements of a state-monopoly production structure in an exceptionally narrow reactionary-bureaucratic channel and its lack of an adequate mass capitalist "basis" and between the increasing authoritarian nature of the superstructure, which aspired to self-preservation by methods of terror, and the need for just elementary bourgeois-democratic freedoms even had been revealed conclusively by this time. The popular revolution was to a considerable extent a reflection of this crisis and this deadlock.\* But as a consequence of the particularly terroristic nature of the shah's dictatorship, which cruelly suppressed the slightest glimmers of democratic consciousness, the revolution was able to express itself outwardly predominantly in a religious form.

As the CPSU Central Committee Report to the 26th party congress observed, a liberation struggle may develop under the banners of Islam, but reaction also operates under Islamic slogans in a number of Asian countries. "It is, consequently, entirely a matter of what the real content of this movement or the other is." Thus the "special nature" of the revolutionary process in Iran lies not simply in the fact that it developed under the banner of Islam. There is nothing new in this. History has many similar examples. In our view, the specific features amount to the fact that egalitarian trends reflecting the aspiration of the as yet politically uneducated religious masses of the population, bourgeois-conservative trends of the old bourgeois strata (nonmonopolist and nonbureaucratic) and simply reactionary

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\*The contradictory aspects of the "Westernization From Above" model were examined in detail in G.F. Kim's article "The National Liberation Movement at the Current Stage," MEZHDUNARODNAYA ZHIZN' No 3, 1981.



traditionalist aspirations are concealed in present-day Iran under the cover of religion. That is, both revolution and counterrevolution are acting under the banner of religion, and it cannot be said, moreover, that the latter is idling away its time and not consolidating its forces.

For more than 35 years now imperialism has been undergoing the excruciating experience of the fact of the collapse of its colonial system and the loss of the role of arbiter of the fate of many dozens of peoples. Forced to abandon "cold war" policy and recognize (at least, in words) the principle of peaceful coexistence, imperialism wished to impose on the community of socialist countries as a "compromise" the utopian "status quo" concept, which actually denies the peoples' right to struggle for their national and social liberation. Still not heeding the realities of world development and having cast off the "defense of human rights" fig leaf, the present U.S. Administration has resolved to simply declare all manifestations of the liberation struggle of the people's masses "terrorism". The most aggressive circles of American imperialism wish in this way to "justify" and conceal their own expansionist and aggressive aspirations on practically all continents. None of these efforts will bring imperialism either laurels or success but will lead merely to a further exacerbation of the internal situation in the imperialist states themselves. As the CPSU Central Committee Report states, "the sphere of imperialist domination in the world has narrowed, and the internal contradictions in the capitalist countries and the rivalry between them have sharpened. The aggressiveness of the policy of imperialism--primarily American--has increased sharply."

In sharp contrast to this policy is the peace-loving policy of the USSR and the other socialist community countries, the marked expansion of their relations with the developing countries and the Soviet Union's conclusion of friendship and cooperation treaties with Angola, Ethiopia, Afghanistan, the PDRY, Syria and others. The USSR is strengthening and expanding mutually profitable economic, scientific-technical and cultural contacts with many nonaligned states. Our long-standing, now traditional, relations with friendly India is a striking example of this.

The three streams of the world revolutionary process are continuing their unswerving constant advance. This path is not always smooth and cloudless but the resolve of the progressive forces will strengthen and new victories will be won in difficulties and struggle.

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## REGIONAL

### KURSK OBKOM CHIEF INTERVIEWED ON WORK WITH LETTERS

Moscow PRAVDA in Russian 10 Jul 81 p 2

[Interview with First Secretary Aleksandr Fedorovich Gudkov of the Kurskaya CPSU Obkom by special correspondents V. Grishin and N. Utkin: "Local Solutions; First Secretary A. F. Gudkov of the Kurskaya CPSU Obkom Discusses Letters Received by the Party Obkom and Newspaper Editors," in Kursk, date not specified]

[Text] We examined the mail of the Kurskaya CPSU Obkom for weeks. We read dozens of letters, learned about the experiences of individual raykoms and attended a party obkom plenum held to discuss work with letters in line with 26th CPSU congress requirements. We shared our observations and ideas with First Secretary A. F. Gudkov of the party obkom and told him about the letters sent to PRAVDA from Kurskaya Oblast. A conversation began....

[Question] Aleksandr Fedorovich! If we take the number of letters sent to PRAVDA from Kurskaya Oblast and compare this to the mail of the party obkom, we find a ratio of approximately one to three and a half. What are your thoughts on this?

[Answer] The mail of a territorial party committee is a kind of mirror in which the state of affairs in the rayon or oblast is reflected. The letters sent by oblast inhabitants to the party Central Committee and the editors of its central press organ, on the other hand, generally touch on local sore spots. The combination of all this represents a part, however small, of our party's vital channel of communication with the masses. There is nothing extraordinary about the fact that people from Kursk write to Moscow. Unfortunately, the letters to the editors contain a good deal of criticism, and this is evidence of our shortcomings.

An uncompromising fighter for the truth stands behind each of these letters. And please take note that, as a rule, he defends our socialist morality, and not simply his own point of view.

One example to corroborate this is the letter received in spring by our party obkom from A. M. Chaplygin, dump truck operator from the Mikhaylovo Mining and Enriching Combine and 26th CPSU Congress delegate. Here is what he wrote: "I, a working man, came back from the congress with one basic belief: The attainment of the grand objectives of the 11th Five-Year Plan will depend on each of us. Sizeable reserves exist in each work position. I believe that I could complete the five-year

plan within three and a half years by raising the use coefficient of my vehicle and scheduling my work correctly." There you have it--the active stand of a communist, our contemporary. The party obkom not only thanked Aleksey Mikhaylovich for his commendable initiative, but also praised him and took the trouble to inform the entire oblast of his intention. Following Chaplygin's example, 178 operators of heavy-duty dumpers from the Mikhaylovo combine have launched a competition for the fulfillment of the annual plan by 7 November or even earlier.

Another example is the letter received from Chairman M. Mosolov of the Progress Kolkhoz in Kurchatovskiy Rayon: "Dichnya, a kolkhoz settlement, is located near the Kurskaya Atomic Power Station. Could it not provide this settlement and others with heat?" Project planning organizations looked into the matter. The heating system, which will be put in by the end of 1982, will save thousands of tons of coal and save people the trouble of procuring fuel. This is how much power a single letter can have.

[Question] Nonetheless, we would like to talk about the letters of criticism. Unfortunately, they are in the majority in the newspaper's mail and in the mail of the party obkom.

[Answer] This is true. Despite the severe measures taken by the oblast, city and rayon party committees against persons guilty of violations, they still have not reformed. Quite frankly, some administrators' sense of personal responsibility for their duties and actions has been deadened. This is the only possible explanation, for example, for the fact that 29 kolkhoz chairmen and sovkhoz directors were dismissed from office in the last 5 years for abusing their authority.

[Question] At the oblast party committee plenum you said that approximately 20 percent of the obkom's mail is forwarded to you by the CPSU Central Committee, the PRAVDA editors and other central institutions. The mail of the oblispolkom and oblast trade union council contains even more letters forwarded from Moscow. What is the reason for this?

[Answer] In almost all cases the questions raised in these letters can and should be settled locally. They should be, but this is not always done. It is then that complaints are sent to Moscow. Recently the party obkom severely criticized Ye. F. Kolesnikov, head of the oblast health department. People complain about the callousness of physicians, the long wait in polyclinics and the fact that pharmacies are not open on their days off. The oblast health department responds to these valid complaints with lame excuses and vague form letters. There is a great rustling of papers in the oblast health department, but people still cannot get an appointment with a physician and are left without medicine on Saturdays and Sundays. It is no coincidence that two-thirds of the complaints received by the oblast health department do not come straight from citizens but are forwarded by superior agencies.

Here is another example. The party organization deputy secretary from the Novoposelkovskaya Boarding School in Kurskiy Rayon, Comrade Yevglevskiy, had an appointment with the deputy chairman of the oblispolkom to discuss the repair of the school's sewer pipes. He waited for 8 hours but he never even got into the man's office and was unable to speak with him. He wrote to the oblispolkom chairman and received no reply. He then turned to the CPSU Central Committee. I will not



name the deputy chairman because this incident was an unfortunate departure from his usual behavior. But it served as a pretext for a serious discussion in the oblispolkom. There is no question that unforeseen circumstances can sometimes divert us from our previous plans and motivate us to immediately look into another, perhaps more important matter. But if we cannot keep our appointments, we must excuse ourselves and reschedule them.

[Question] One out of every six letters from Kurskaya Oblast in the PRAVDA mail concerns housing. People complain that it takes too long to move up on the waiting list and that housing distribution rules are violated.

[Answer] Although a great deal of residential construction is going on in our oblast, construction plans are unfortunately not being carried out in full. Thousands of families live in uncomfortable housing and many newlyweds are still on the waiting list. In Kursk alone, 22,000 families are on the waiting list for housing. This is not a simple problem and this is why people complain. The party obkom insists on the strict observance of housing distribution rules and sees to it that the public is involved in this distribution in all areas and monitors it constantly. I could cite many cases in which a firm warning from a party or trade-union organization frustrated plans to violate the rules. But sometimes a primary organization is not powerful enough. The oblast agricultural administration put up a residential building this spring. Almost all of the administration's deputy chiefs and department heads, who already had comfortable apartments that meet all sanitary requirements, tried by hook or by crook to move into the larger and more comfortable apartments in the new building. The party obkom put an end to this unlawful practice. All of the offenders had to answer for their indiscretion and dishonorable behavior.

[Question] What can you tell us about the party oblast organization's experience in working with letters?

[Answer] The procedure in the party obkom is the following: All letters are examined by obkom secretaries; 42 percent of the complaints are verified by the personnel of local sections and 85 percent are taken under advisement. Many of these letters have determined the itineraries of tours made by section heads, instructors and lecturers to investigate the state of affairs in a particular rayon or the party organizations of kolkhozes and sovkhoses. Over 38 percent of the questions raised in the letters are settled to the satisfaction of the writer. Twelve information bulletins have been compiled on the basis of an analysis of the letters and verbal complaints of citizens. For example, the section in charge of general affairs and the industrial section examined the hiring practices of the Geomash Production Association in Shchigry.

[Question] We visited Shchigrovskiy Rayon. Every Thursday the administrators of consumer service, trade and public health establishments and others, in a group headed by a member of the party raykom bureau, tour an animal husbandry farm or call on a field brigade. "Sometimes a face-to-face meeting tells us more than the most detailed report from the main administrative section," party raykom First Secretary Vladimir Pantelevich Burchik told us. "Once when I arrived at the Kolkhoz imeni Kirov I was greeted by a milker I know. 'I,' she said, 'need something from you, Comrade Secretary.' 'What?' I asked. 'Look at what I have to wear to work: an old coat and worn-out boots. Couldn't the chairman of our kolkhoz

buy the milkers some sweaters and rubber boots?' What could I say to her! These goods were nowhere to be found in the rayon or the oblast at that time. We sent our couriers to Belorussia and bought the necessary goods there for animal husbandry workers, not only on the Kolkhoz imeni Kirov but also on other rayon farms."

[Answer] Good for them! The secretary of the Shchigrovskiy party raykom is an energetic and experienced man. He spends most of his time in the fields and on the farms and demands the same from his staff. Letters of criticism are widely discussed in labor collectives and at open party meetings. Visiting days and hours are strictly observed in all establishments. Each farm has a notebook to record workers' comments and suggestions, and the action taken on them is monitored. In the last 2 years the number of letters sent to oblast and central organs from Shchigrovskiy Rayon has decreased significantly and there have been no complaints about the indifferent treatment of people or incorrect behavior by administrators.

[Question] We have another question about the letters sent to PRAVDA from Kurskaya Oblast--about labor conflicts. Why are there so many complaints about this?

[Answer] The letters sent to your editors have described the actual state of affairs quite accurately. More than a third of the labor actions investigated by oblast people's courts in 1980 were settled in favor of the plaintiff. The main reason for the violation of the labor rights of workers and employees is the administrators' ignorance of the law, although sometimes they do simply disregard the law.

By order of Chief F. Man'shin of the Kursk Freight Transport Enterprise, fitter M. Miroshnikov was dismissed for unauthorized absences. This certainly sounds valid. But when a people's court investigated the matter, it turned out that the actual situation differed from the account in the order. The enterprise chief transferred the fitter to another job without his consent. His refusal to perform this work was then called an unauthorized absence. What is more, his refusal to accept the transfer was lawful and the transfer itself was illegal. The people's court gave Miroshnikov his job back and awarded him damages of 382 rubles. Unfortunately, the money was paid by the enterprise, and not out of the chief's own pocket.

Here is an example of a different kind. There has not been a single illegal dismissal at the Schetmash Plant in Kursk in the last 5 years. Labor conflicts have also become a rarity here. The plans for legal propaganda at the plant were carefully compiled and seminars were held for the trade-union aktiv. This is also the practice in the Elektroagregat Association and other enterprises in Kirovskiy Rayon.

"The key to our success lies in heightening the personal responsibility of administrators for the correct organization of work with letters," A. F. Gudkov said in conclusion. It is precisely this that the decree of the CPSU Central Committee "On Measures for the Further Improvement of Work with Letters and Suggestions from Workers in Line with the Decisions of the 26th CPSU Congress" demands from party organizations.

## REGIONAL

### UKSSR TRADE UNIONS BURDENED BY EXCESSIVE RED TAPE

Kiev RABOCHAYA GAZETA in Russian 3 Jun 81 p 2

[Article by Chairman Yu. Rokachev of the Voroshilovgradskaya Oblast Trade-Union Council: "Test and Trust; When the Fulfillment of the Decisions of Superior Trade-Union Organs Is Being Monitored, We Must Always Support the Initiative of Primary Links"]

[Excerpt] Oblast trade unions must take responsibility for the most varied aspects of the life and work of collectives. In particular, the oblast trade-union council has instituted strict control over the fulfillment of decisions, we no longer require obkoms, terkoms [territorial committees] or FZMK's [factory and plant local committees] to provide us with reports and information not included in the official list, we regularly monitor council personnel's calls on labor collectives, dormitories and cafeterias, and so forth.

Nonetheless, our work style is still not keeping up with rising requirements. We still have not learned to spend less time and energy on meetings and conferences and, in particular, on the compilation of various documents--reports, memos, information bulletins, statistical records and so forth. Formalism, elements of bureaucratism and red tape often take us away from our real work and force us to judge the state of affairs not according to the specific operational results of collectives, but according to the quantity of topics discussed at meetings and the quantity of reports, bulletins and memos. This has had some odd results: So many different kinds of papers make the rounds of the oblast trade-union council, obkoms, terkoms and FZMK's that the vocabulary of trade-union personnel now includes the new term "document turnover."

There is no question that some reports must be exchanged by republic and central trade-union committees. Procedure is procedure and no one among us objects to this. The written report, the memo and the informational bulletin represent one form of control.

Let us consider the following fact. We have statistical agencies which keep precisely the data we often demand from lower links, taking them away from their daily work. And if we do need additional figures, would it not be better to turn this job over to the statistical agencies as well, particularly since they have the necessary personnel, computer equipment and so forth. It is not wise to take trade union personnel away from their vital work by burdening them with the collection of various data.



Recently, for instance, personnel of the oblast trade-union council finished collecting data on the results of ratings of the state of sanitary and technical standards and labor safety equipment in branches of the national economy. This took many days. Hundreds of people worked on this when they should have been working on the improvement of labor safety and worker services at enterprises and other matters. We report data on the conservation of materials and electrical energy, on unexcused absences and on lagging enterprises, but we cannot visit these enterprises because we do not have the time.

In our opinion, the length of reports should have been reduced to the minimum long ago. It now goes beyond all reasonable bounds. Various agencies, including the oblast trade-union council, demand additional statistics and information from primary links, despite the regulations forbidding this. This takes even more workers away from their duties to compile statistical reports.

Here are a few figures. Last year obkoms and terkoms received 22,000 documents and sent around 28,000 reports to superior agencies. I am convinced that if we monitored performance more carefully, spent more time actually investigating the state of affairs locally and, finally, trusted personnel more, this huge quantity of paper, some of which is superfluous, would not be needed. We must, I repeat, monitor the work of personnel while simultaneously trusting them.

Let us consider a matter which might appear insignificant in comparison to many of the others on which reports are required. The film council of the oblast trade-union council sends the film council of the Ukrainian SSR Trade-Union Council two bulletins a year in accordance with the official list. But it is also required to answer 23 additional questions. No one seems to be bothered by the fact that many of these questions, such as, for example, the questions about the reasons for the breakdown of projectors, the causes of stoppages, the number of facilities not fulfilling the plan and others, are included in special report form No 30. Besides this, does the republic council need this information at all? Would it not be better to give the oblast trade-union council this responsibility and trust it to do the work?

And what about the reports on schools of communist labor? The forms include questions that are quite difficult to answer. They ask how many efficiency proposals each student made, how many were implemented, what kind of economic impact they had, and so forth. The collection of this kind of data would take a long time. And what for? After all, enterprises keep records of efficiency proposals, and is it really necessary to keep separate records on the students in these schools?

Here is another example. Identical reports must be sent to different agencies and at different times. A report on the work of libraries must be sent to Kiev by 1 January and to the AUCCTU by 1 March. A report on the progress in the centralization of libraries must be sent to Kiev by 10 January and to the AUCCTU by 20 February. The same work has to be done twice.

We analyzed our "paper" ties between the oblast trade-union council and the obkoms and terkoms. Most sectorial obkoms are located in the same building as the oblast trade-union council, but the correspondence between is extremely lively. Last year obkoms and terkoms received 7,670 papers and sent us 2,954 documents. If we

count their correspondence with other superior organizations, we come up with some astounding figures: The obkom of the agricultural workers' trade union sent out 1,309 documents, that of workers in construction and the construction materials industry sent out 1,293, that of motor transport and highway personnel sent out 1,075, and so forth.

The growth of this "document turnover" is alarming. We took one day this April as an example. It turned out that on this day the oblast trade-union council received 55 different letters and the obkoms and terkoms received 537. And these have to be answered and entail the collection of data!

I would like to stress once more that lower trade-union links need practical help more than they need importunate, sometimes insulting (people are people, and each individual has his own distinct personality and his own emotional makeup) and largely unproductive inspections.

For some reason we have acquired the habit of constantly checking up on everyone and everything. Often this reaches a point at which the worker is ordered: Report on this, explain that, write about this, take a step and state your reasons.... Whatever happened to trust? Would it really be impossible, for example, to trust the oblast trade-union council or the obkom to take the responsibility for those projectors without sending out any reports to superior agencies? And this also applies to libraries and many similar matters.

Look at the results of this abundance of red tape. Some trade-union personnel deliberately "invent" reports which do not reflect the actual state of affairs at all because they do not have time to go out and investigate these matters. If you ask them why they do this, they answer: "They want the information immediately and I do not have it. I have to get out of this mess somehow." There is no question that this kind of worker can be reprimanded, but we must also sympathize with him.

Some people believe, for example, that performance monitoring is organized best in the obkoms of the trade unions of workers in education and higher academic and scientific establishments, local industry and municipal service enterprises, construction and the construction materials industry. But is the work of the trade-union organizations served by these obkoms organized better? Not a bit. Here paper-work is organized better, and more reports and bulletins are received. As we can see, even the very concept of control has become somewhat confusing. Can we accept this?

To make correct judgments regarding the meetings and papers we actually need, we must always ask ourselves if they offer anything of value to the trade-union organizations of enterprises, construction sites, kolkhozes, sovkhoses and establishments. After all, it is there, and only there, that all of the objectives set by the party for trade-union organizations are attained. This is why we take the state of affairs in labor collectives as the chief criterion of performance evaluation: We evaluate the organization of competition and the introduction of progressive experience, the avenues of worker participation in production management, the working and leisure conditions of personnel and the state of labor and production discipline.

## REGIONAL

### PLAN VIOLATIONS HINDER ECONOMIC DEVELOPMENT IN BELORUSSIA

Minsk SOVETSKAYA BELORUSSIYA in Russian 19 Jun 81 p 2

[Article by V. Zharikov: "Plan Discipline Must Be Reinforced; Instructions for Political Information Agents"]

[Text] "The significance of discipline, the significance of personal responsibility, is growing by leaps and bounds under present conditions," L. I. Brezhnev noted in the Accountability Report of the CPSU Central Committee to the 26th Party Congress. "And the first matter I want to discuss is responsibility for the fulfillment of state plans. The party has always regarded the plan as law, and not only because it is ratified by the Supreme Soviet. The plan is law because its observance guarantees the efficient operation of the national economy."

These words must serve as the keynote of the discussion of plan discipline reinforcement. The discussion must elucidate such questions as the significance of plan discipline under present conditions, ways and methods of reinforcing it in each work position and each labor collective, and forms of economic and public control in the struggle for the timely and proficient fulfillment of plans and assignments.

The discussion could begin with a definition of the most characteristic features of the concept of plan discipline and the requirements set forth in party documents regarding its reinforcement, particularly the decree of the CPSU Central Committee and USSR Council of Ministers on the improvement of the economic mechanism, adopted in July 1979, and the proceedings of the 26th CPSU Congress and the 29th Congress of the Communist Party of Belorussia. They underscore the fact that the economy is now aimed at the achievement of the highest final indicators and this is why only the precise and timely fulfillment of all orders and plans regarding product assortment in each link and each work position will produce maximum efficiency.

Today direct economic ties between enterprises, agreements on joint work, orders for product shipments, raw materials or components, specialization and cooperation are acquiring particularly broad dimensions in production development. This is why commitment and the strict fulfillment of agreements and assignments--or, in other words, plan discipline--are acquiring so much importance in the economic and social respects. The actual value of discipline is attested to by the following figures, cited in the economic survey entitled "A Contract Is Worth More Than Money" (PRAVDA, 4 May 1981): "Around two-thirds of all production associations and enterprises have begun to completely fulfill their contractual obligations each year. But after all, two-thirds is a far cry from 100 percent. Many ministries have not



lived up to expectations: They have been too liberal in setting plan levels for the filling of orders. As a result, careless suppliers have severely disrupted production. According to the data of USSR Gosplan, in the last 3 years of the five-year plan they annually delivered products that fell short of ordered quantities by an average of 15 billion rubles. At the same time, they shipped 19 billion rubles' worth of items that had not been ordered. This considerably increased material outlays and labor expenditures on the manufacture of finished items."

Enterprises in our republic have also suffered sizeable losses as a result of the low level of plan discipline. Here are some figures from a statistical report: The product sales figure for the first 4 months of this year was 150.3 million rubles below the planned figure as a result of the nonfulfillment of contract and delivery obligations. The delivery plan was not fulfilled by 398 enterprises (or 45 percent). Furthermore, it is quite indicative that 338 of these 398 enterprises fulfilled the product sales plan in general, but did not keep up with contracts and deliveries. This means that the collectives received a bonus for overall indicators and acquired prestige as leaders in the above-plan manufacture of unordered items while they put other enterprises in a spot by breaking contracts or holding up deliveries.

Here is an example: Whereas the Minsk Tractor Plant fulfilled the overall sales plan by 103.4 percent, the figure would be only 96.4 percent if delivery obligations were to be taken into account (unsold products worth 7 million rubles). The Udarnik Plant in Minsk fulfilled the delivery plan for the first 4 months by only 77.9 percent. The Experimental Furniture Plant owes products worth 101,000 rubles. At a number of enterprises which did not keep up with delivery plans, administrators tried to create the semblance of excellent work in this area by adjusting reports and padding figures instead of correcting shortcomings. This was the case, for example, at the Minsk Sanitary Engineering Equipment Plant, where administrators received an illegal bonus of 920 rubles last year by padding sales figures. Unfortunately, these cases are still a frequent occurrence and therefore must be severely judged and widely publicized to put an end to this kind of behavior.

The highest number of plan violations is encountered among enterprises of the Belorussian SSR Ministry of Timber and Woodworking Industry (83.3 percent of the total), the Ministry of Local Industry (82.7 percent), the Ministry of Light Industry (75.8 percent) and the Ministry of the Construction Materials Industry (64.9 percent).

The plan for the first 5 months of this year was not fulfilled by such large enterprises as the Khimvolokno Production Association in Mogilev, which owes consumers 6,455 tons of chemical fiber and thread, or 8.7 percent of the planned total. The Pinsk Automatic Forging and Pressing Line Plant fell short of the plan by 565,000 rubles' worth of forging and pressing machines (20 percent), the Elektrodvigatel' Plant in Mogilev fell short by 10,341 AC electric motors, the Molodechnyy plant for the manufacture and comprehensive delivery of light-weight metal structures fell short by 2.77 million rubles' worth, and the Baranovich Machine Tool Accessory Plant fell short by 234,000 rubles.

The plan for many other important items was not fulfilled--for example, 1.8 million rubles' worth of spare parts for motor vehicles, 4,100 tons of synthetic resins and

plastic, 122,000 conventional square meters of fiberboard, 368,000 square meters of linen fabrics, and so forth.

What do these facts and figures tell us? First of all, they tell us that not all administrators of enterprises and branches and not all labor collectives take full responsibility for the fulfillment of plans in the complete assortment, they evaluate their own work from a limited departmental standpoint, they disrupt the delivery schedules of their partners and they create disparities in the development of the economy. This is why specific examples must be cited during the discussion to develop the idea that the efficient interaction of related plants and production units has become one of the main factors determining the rate of national economic development.

Use the report data on the work of your shop and enterprise during the first 5 months of this year to corroborate this thesis and convince your audience. What is more, it is essential to compare such indicators as the fulfillment of the sales plan in terms of schedules, product assortment and delivery commitments.

Pay special attention to the elements making up the foundation of plan discipline. Above all, these are the guarantee of uninterrupted production and sales, the introduction of economic accountability in each shop and brigade, the strict observance of schedules for the completion of assignments and the precise intraplant coordination of deliveries. The positive work experience of Minsk collectives can be cited to illustrate this point: the collectives of the watch plant, the Broaching and Shearing Lathe Association imeni Kirov, the Automatic Line Association, the Minskmedpreparaty Association, the heating equipment plant and several others. Here the 100-percent fulfillment of plans and orders has become the basic rule, the practice of keeping records of plan fulfillment in natural terms and in the full assortment has been introduced and is working effectively, the uniform loading of equipment is carefully observed and the work rhythm specified in monthly and quarterly plans is followed.

Unfortunately, experience has shown that this does not describe the state of affairs everywhere. Erratic schedules, the disruption of plans and rush work sometimes preclude the possibility of good economic results. And what is most indicative, this erratic scheduling is sometimes stipulated in the plans themselves. For example, a number of light industry enterprises have a plan for the second quarter that represents an inadequate share of the annual plan. It represents 24 percent at the Bobruysk Footwear Factory and 26 percent at the head enterprise of the Progress Knitwear Association and Polotsk Sewing Factory, although the figure should be 33.2 percent if the plan were to be divided equally. It is obvious that rush work and haste will be required at the end of the year, and this will have a negative effect on product quality and on delivery schedules.

In this discussion, the state of plan discipline in the primary labor collective should be analyzed, on the level of the brigade, shift or shop. Learn how members of the audience have fulfilled their shift assignments and monthly and quarterly plans, how evenly production has been distributed over 10-day periods, and whether any errors have been made in coordination, such as overfulfillment in some areas and underfulfillment in others. The final result of the labor of the entire enterprise collective can suffer from this if the absence of a small component causes the stoppage of work on an almost finished product. This has occurred in

many plants. In particular, fodder combines that were almost ready stood idle at the Gomsel'mash Association when there were delays in the production of gearboxes. At the Minsk Motor Vehicle Plant the lack of dumper tilt springs filled whole lots with incomplete vehicles.

In short, it is necessary to convince your audience that there are no insignificant details in production, that all components are needed on schedule and in the precisely specified quantity, so that the work will not suffer and work rhythm will not be disrupted. This is why the main purpose of the discussion is to instill workers with a high sense of responsibility for their work, commitment and precision in the fulfillment of assignments as the most important condition of plan discipline.

8588

CSO: 1800/612



## REGIONAL

### FACTORIES SHOULD POOL RESOURCES TO CREATE SUBSIDIARY FARMS

Moscow IZVESTIYA in Russian 12 Jun 81 p 2

[Article by V. Sokurenko, 1st secretary of the Kirovograd Municipal Committee of the Communist Party of the Ukraine: "It Is Profitable"]

[Text] It could seem strange to an uninitiated individual: the leader of a large industrial enterprise discussing the production of pork, feed procurement problems and the construction of animal husbandry facilities, from the tribune of a plenary session of the municipal party committee of a session of the municipal soviet. But such discussions have become commonplace in our city: plants, factories and construction organizations are making a considerable contribution to the production of food products.

We are speaking here of the subsidiary farms of enterprises, organizations and institutes, which are undergoing further development. Certainly, the subsidiary farm of an industrial enterprise is a difficult undertaking and one involving a certain number of problems and concerns, at times no less than the principal production operation. A reliable logistical base and knowledgeable workers who enjoy their work are required. If it happens to be an animal husbandry farm, then a considerable increase is required in the number of animals; otherwise, the expenses involved would not be repaid. A small farm is unprofitable, it does not meet the requirements of the enterprise and the production costs for the products would be high. On the other hand, sufficient funds are often not available for developing such farms on a large scale. This is why many enterprises fail to carry out their plans for acquiring subsidiary farms; they cease trying after reaching the half-way point. There are also some enterprises which, unable to overcome the difficulties involved, simply reject the thought of subsidiary farms altogether.

But there is a solution. It consists of creating subsidiary farms through cooperation in the use of the resources of enterprises, construction projects, organizations and institutes for the construction, for example, of a large and modern swine fattening complex. We have already taken the initial steps in this direction. We selected the Zarya Sovkhoz as the base for creating a cooperative subsidiary farm. It is a suburban sovkhoz specializing in the production of meat and vegetables, which sells its products through the trade network of the oblast center.

At the end of the last five-year plan, the city's industrial enterprises furnished assistance to the sovkhoz in building three new pigsties, a feed preparation shop, a boiler room and other facilities. Increases were noted in the average daily weight

gains, and the production cost per quintal of pork decreased noticeably. The sovkhos accumulated a definite amount of experience in the fattening of swine on food remnants, and it is obtaining 400 additional tons of meat annually.

A large swine fattening complex is being built here at the sovkhos based upon resources supplied by the Krasnaya Zvezda Plant, plants for radio products, typewriters, and tractor hydraulic units and also an experimental plant for automatic dosing units. Its estimated cost is 1.16 million rubles. It must enter operations in 1983. And at that time the sovkhos will double its deliveries of meat. The production volume for pork will be increased to 1,500 tons annually; a considerable increase will take place in the yield of young pigs, and it will become possible to sell a portion of them to the population. The products of the complex will be distributed among the enterprises taking into account the amount of the share payments. Today, even small enterprises can make a contribution towards the construction of the complex and thus obtain products with no particular problems attached.

But the complex is for the future, albeit for the near future, and in order for the existing farms of the sovkhos to increase their production of meat today, the city's industrial enterprises must provide the farm with considerable assistance in strengthening its logistical base. Thus the Krasnaya Zvezda Plant produced a non-standard item of equipment for the feed preparation shop and installed it, while the plant for automatic dosing units installed feeding troughs in the pigsties.

Common concern will be displayed for both today and tomorrow's "meat department" indicators -- concerning feed. Last year the food remnants gathered up at homes and at public catering establishments amounted to more than 12,000 tons. The executive committee of the municipal soviet is exercising control over this important work. The plans call for the procurements of food remnants to be increased by more than twofold. Measures are planned which will ensure better use of the waste products of food industry enterprises.

The largest reserve for strengthening the feed base is that of sharply increasing the production of feed at the Zarya Sovkhos. The amount of its arable land is small -- 1,168 hectares and there is not much likelihood of the sowing areas being expanded. Thus the cropping power must be raised. A program has been developed for irrigating the land and the work has already commenced. In addition, just as in previous years, brigades of mowing personnel from the city's enterprises are procuring grass during the summer.

The swine fattening complex erected at the suburban sovkhos will not be the only subsidiary farm. Large plants -- for tractor hydraulic units, iron foundry operations -- are creating their own farms. But the future involves cooperation in the use of resources, cooperation which opens up new opportunities through the creation of subsidiary farms for enterprises. Future plans for the Zarya Sovkhos call for the creation of a farm for the production of vegetables. The same principle will be employed: a merging of forces.

In creating a large subsidiary farm on a shareholder basis, we encountered a number of problems which cannot be resolved at the site. Some ministries hold firmly to the old position: each enterprise should have its own subsidiary farm. However, this

principle inhibits and at times even renders impossible cooperation in the use of resources.

Gosbank and Stroybank are also of the opinion that one enterprise must serve as the client for the construction of such a project. As a result, the work slows down. It is our opinion that greater flexibility must be displayed in solving such problems.

7026

CSO: 1800/557



## REGIONAL

### CURRENCY, LITERATURE SMUGGLING AT BALTIC PORT

Riga SOVETSKAYA LATVIYA in Russian 2 Jun 81 p 4

[Report by Maj A. Berezhnoy of the Red Banner Baltic Border District: "The Landing-Stage Border"]

[Text] It was a warm spring day. A fresh breeze was blowing in from the sea, causing the gentle flapping of the flags of a blaze of colors on the ocean liners at the moorings. The majority of them were foreign. In connection with the expansion of our country's international economic relations there has been a sharp increase at this Baltic port in the influx of foreign ships. At their service is the attention and concern of the longshoremen and port workers and the welcoming benevolence of a handsome modern city.

I was standing on a landing stage with Lt Col I.M. Alalykin, chief of the entry-inspection point. Igor' Mikhaylovich is tall and broad-shouldered and wears a slight smile when he speaks. In conversation he weighs every word, and for this reason each of them certainly takes on special significance. The men of his subunit have repeatedly displayed high vigilance and professional border skill.

"Just a few examples," the officer said, "but they deserve a special mention.

"...The border detail of Warrant Officer Vladimir Kutyrin was performing its duties smartly and precisely, as always. Everything was proceeding normally. But then two foreigners caught the border guard's attention. As distinct from the others, they were, it seemed, in no particular hurry. And further: one of them was trying to surreptitiously pass an ordinary cigarette pack to the other. The warrant officer decided to carry out a more thorough check. And not in vain--the cigarette pack proved to contain quite a considerable amount of cleverly concealed foreign currency.

"The border detail headed by Sr Lt Yu. Suvorov acted skillfully and competently," the lieutenant colonel continued. "Junior inspectors V. Fedorov, Yu. Sevast'yanov and P. Kalyadin, who were part of the detail, distinguished themselves by particular sharpness, exposing a subterfuge which had been carefully planned and prepared in advance. This is what happened. Inspecting a ship's quarters, Sr Sgt Viktor Fedorov spotted a sheet of the inner bottom plating of a cabin marked by a barely discernible bulge. Upon inspection the border guard established that the sheet of linoleum had recently been uncovered and that attempts had subsequently been made

to skillfully stick it back. This aroused even greater suspicion. Upon uncovering the plating, a secret recess was discovered, and in this—a large quantity of ideologically harmful literature. Much of it was also found by Sgt P. Kalyadin in one of the sailors' lockers."

On another occasion. At the dead of night in a dense fog smugglers were attempting to throw commodities into the water carefully packaged in a special box. On duty in the observation tower, Sgt Yuriy Sevast'yanov promptly helped confiscate the contraband. Sgt R. Kutinskas and Pvt 1st Class V. Shchukin of a detail headed by Capt G. Bykov and the border detail headed by Warrant Officer S. Penayayev were distinguished by vigilant action in the inspection of a ship.

"Many busy navigational routes cross our maritime borders today," Lt Col I.M. Alalykin said. "And it is not only friends who sail them. Some people forget about long established good-neighborly relations, disregard them and attempt to violate the border not only in port but also far out at sea, and by no means for smuggling purposes...."

A gusting southwesterly had not let up for several days. The sea was really rough. All ships were sheltering in the nearest harbors. Then general quarters was sounded on the border patrol ship commanded by Capt 3d Rank Yu. Avdyushenko. It took only minutes for the patrol craft to slip its moorings and move out into the raging sea.

With the approach of the border craft the ship, and it proved to be a foreign ship, attempted to move away, but was overtaken. The truly jeweler's precision and irreproachable expertise of the whole crew were needed not only to come right alongside the foreign ship—which was violating the state border—but also to land inspectors on it in a storm, when from time to time the deck contrived to disappear from under one. On board senior seamen A. Smolyak and A. Ivanov headed by Sr Lt V. Kolesnikov discovered movie and photographic equipment and a large sum of money. The violators were held strictly to account.

I left the port when twilight had imperceptibly approached the water. The ships standing in the roads were lit up by the bright lights of the portholes, and the numerous landing stages were flooded with light. Another foreign ship had entered the now-quiet harbor....

8850  
CSO: 1800/580

## REGIONAL

### LAW, ORDER PROBLEMS OF LATVIAN CITY DESCRIBED

Riga SOVETSKAYA LATVIYA in Russian 14 Jun 81 p 2

[Article by A. Vitinya, chairman of a permanent commission of the Yelgavskiy City Soviet: "Maintaining Supervision"]

[Text] The range of questions dealt with by the Yelgavskiy City Soviet Permanent Commission for Socialist Legality and the Maintenance of Public Order is broad. Pride of place is occupied by questions of an increase in the fight against all kinds of antisocial manifestations. We maintain practically constant supervision of fulfillment of the decrees of the soviet and its ispolkom concerning the strengthening of law and order.

The commission organizes its activity on the basis of long-term plans confirmed at a session of the soviet. A work plan is also drawn up which takes account of the day-to-day situation taking shape in the city and the standard of labor discipline at the enterprises. Information on these questions obtained from the prosecutor's office and the militia helps us organize our work more purposefully.

It has to be said plainly and candidly that the state of law and order in the city is still, unfortunately, causing justified concern: there are instances of malicious hooliganism on the streets and in public places, burglaries and juvenile crime. Yet the labor collectives sometimes adopt a liberal attitude toward drunkards and hooligans, and the inevitability of punishment for each crime is not ensured.

We consider as a priority task mobilization of the public for more active participation in an uncompromising struggle against antisocial manifestations and crime prevention. It is necessary to strive for a situation where, as they say, the ground burns beneath the feet of the violators of order and where not one misdemeanor goes unpunished. Much here depends on the public.

In conjunction with the city rayon Internal Affairs Department, which is headed by R. Tsunskiy, a member of our commission, our permanent commission ran a check on how the gorispolkom decision on the creation of public order-maintenance centers is being fulfilled and what is being done by the centers which have already been created. The work of the comrades' courts in the "Yelgavastroy" Trust and the "Latviyas lini" Production Association was discussed. In addition, we checked the work of the comrades' courts at Truck Crane-6 and at the dairy combine. It was discovered that at these two enterprises the courts function passively and do not on their own

initiative bring cases against violators of labor discipline and public order. On our initiative the question was brought up at a session of the ispolkom, at which a representative of the commission delivered a supporting report. The ispolkom's decision on an improvement in the activity of the comrades' courts was sent to all the city's enterprise and establishment leaders.

As is known, the overwhelming majority of crimes is committed by persons in a state of intoxication. Therefore the struggle for law and order is inseparable from the struggle against drunkenness.

Together with the gorispolkom Commission for the Fight Against Drunkenness and Alcoholism, which is headed by Gorispolkom Deputy Chairman K. Shube, we checked how the rules governing the sale of hard liquor were being observed in the stores and at public catering enterprises of the city's Trade Administration and the railroad branch. The joint check enabled us to uncover a number of essential violations and to outline concrete measures to remove them.

Commission members participate in measures aimed at preventing infringements of the law by minors. Thus, in particular, commission member G. Bezzubov and our activists, the lawyers I. Tsimdinya and A. Riyekstinya, studied the breakdown by occupation of and provision of employment for graduates of city Vocational-Technical School-45, submitting their considerations and conclusions to the ispolkom.

Crimes against socialist property often begin from very little--from petty pilfering which the culprits can get away with. At one time instances of petty pilfering were increasing at the meat combine and sugar refinery. This was a direct consequence of a slackening of attention on the part of the administration to the preservation of socialist property and serious omissions in the work of intradepartmental control.

At its meeting the permanent commission heard from the leaders of both enterprises. It has to be said that they promptly adopted the necessary measures and displayed an attentive attitude toward our recommendations and that the situation concerning the preservation of public property has now improved.

The city soviet decree on the observance of labor legislation at the city's enterprises and in establishments and organizations is also being monitored by the deputies. We determined a number of violations of labor legislation at the dairy combine, Truck Crane-6 and the RAF Plant. At the commission's suggestion the question of the observance of labor legislation was brought up for discussion at a gorispolkom session. There was a businesslike discussion of the reasons and conditions contributing to the violations of labor legislation.

In addition to checks, our commission participates in the development of measures to strengthen public order and to foster the citizens' legal awareness, primarily at the place of residence, where there are frequent deviations from the standards of socialist morals and ethics.

In all our activity we rely on the activists--lawyers working at the city's enterprises and establishments. Great assistance is rendered us by the gorkom. Gorkom Secretary N. Ozerovskiy is a member of our commission, participates in the checks and is an active help in the solution of many practical questions.



The CPSU Central Committee decree "An Improvement in Work on Maintaining Law and Order and Stepping up the Fight Against Infringements of the Law" emphasizes the role of the public in the struggle for the observance of legality. Public order-maintenance centers have been set up which are designed to coordinate the work of the volunteer public order squads, the comrades' courts under the auspices of the [ZHER] and the house committees, and preventive-work councils and numerous commissions operate at the enterprises. This is a huge force, and the task is to take advantage of it in every possible way and strive for the public's effective interaction with the militia, prosecutor's office and people's court.

Much depends here, of course, on our permanent commission, on how profoundly and thoroughly the deputies are able to penetrate the essence of the questions being studied and their persistence in doing away with shortcomings that have been revealed and, finally, on their personal authority. It is perhaps fitting to mention here that this year the urgent work on the job of two members of our commission has been evaluated highly: G. Bezzubov has been awarded the Order of Labor Glory III Class, A. L'vova the Order of the "Emblem of Honor". The Order of Friendship of the Peoples has been conferred on Deputy T. Plyavine, who also participates actively in the commission's work, for labor successes.

Of course, we also have our difficulties and shortcomings. We sometimes lack the ability to bring matters to a conclusion, break down a certain sluggishness and indifference on the part of certain managers and force them to change their work style. Certain managers regard the deputies merely as inspectors and do not understand that the members of a permanent commission are primarily competent advisers who wish to render assistance and contribute to the removal of the blunders and miscalculations which are sometimes allowed to occur through an ignorance of the laws.

It is in this area that we have to step up our work, striving to consolidate the interaction of the public and the law enforcement authorities and enhance the responsibility of enterprise and organization leaders for the state of legality and law and order in the city.

The gorispolkom recently conducted an interesting and necessary venture: the permanent commission chairmen of the Yurmalskiy City Soviet were invited to visit us in Yeigava. There was an extremely useful exchange of experience. I believe that in the interests of the cause such meetings should be practiced in the future also.

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CSO: 1800/580

## REGIONAL

### IZVESTIYA' VIEWS LITHUANIAN LIVESTOCK SITUATION

Moscow IZVESTIYA in Russian 18 Jun 81 p 3

[I. Kasyukov report: "Lithuania's Livestock Sections Are State Dependents"]

[Text] Vilnius--Animal husbandry is a leading sector of the Lithuanian SSR's agriculture. It is perfectly understandable that while producing a certain quantity of commodity grain, industrial beet, eating potatoes, flax fiber and vegetables on local land the farms nonetheless chiefly have to develop animal husbandry. All the more so in that the state generously supplies everything necessary for this.

In the last 10 years the republic's agriculture has been provided with more than 40,000 tractors, almost 22,000 combine harvesters, over 25,000 trucks, approximately 40,000 pickup balers, several tens of thousands of tractor mowers and rakes and much mineral fertilizer.

Power capacity has increased several times over thanks to ever increasing state capital investments and the provision of material-technical resources. In agricultural production plowing, sowing and the harvesting of grain and silage crops have now been fully mechanized and two-thirds of the labor processes connected with the planting of potatoes, the interrow tilling of beet and vegetable sowings and work on the preparation of succulent and coarse fodder and one-half of the work on the tending and keep of livestock have been shifted onto machines. Reclamation workers in Lithuania have put in use 2.6 million hectares of previously overmoist and marshy land thanks to the concern of the state.

Animal husbandry premises for more than 1.5 million head of livestock were built in the republic in the same 10 years. Nor is the state stinting when it is a matter of providing grainforage for the increased numbers of livestock and poultry. In the last 5 years alone the republic was allocated five times more grain for this purpose from state resources than was purchased in the same period from the local kolkhozes and sovkhoses.

Thus in recent years a strong economic potential of agricultural production and, particularly, its leading sector--animal husbandry--has been created and continues to strengthen in Lithuania.

And the returns?

If we compare the average annual production of animal husbandry products in the 10th Five-Year Plan on all categories of farm with the analogous indicators of the Ninth Five-Year Plan, the following picture emerges: production of meat increased 19 percent, milk 16 percent and eggs almost 50 percent. The increase in the production of meat, milk and eggs was achieved mainly thanks to an increase in the numbers of animals and poultry in the public sector and not as a consequence of a marked increase in their productiveness.

Compared with the start of 1976 the cattle herd on the republic's kolkhozes and sovkhoses has been augmented 14 percent and hogs 30 percent. The numbers of fowl have more than doubled (we would note that it is precisely hogs and poultry which require considerable grain expenditure). But there has been a manifold decline in the numbers of sheep and goats. As far as the annual average milk yield over the 5-year period--3,194 kilos--is concerned, as, equally, the average daily weight gains of cattle and hogs, in the first indicator the kolkhozes and sovkhoses remained at the level reached in 1976 and in the remaining two indicators failed to better the result of the last year of the Eighth Five-Year Plan. As a result the 10th Five-Year Plan quota for purchases of meat was fulfilled on all categories of farm 96 percent--the indebtedness being 135,500 tons--and of milk 99.2 percent--an indebtedness of 85,600 tons. Thus the potential of animal husbandry was manifestly not used in full.

It is easiest, of course, to refer to the weather conditions of the last 3 years, which some manifestly unself-critical people in the republic are attempting to do even today. Yes, indeed, 3 years were unfavorable and caused the stockbreeders much worry. But not just Lithuanian stockbreeders. Under worse natural-climatic conditions the Estonian stockbreeders worked far better. Thus the average daily weight gains of cattle and hogs are higher in their livestock sections, and they raise cattle to the same condition as in Lithuania 78 days earlier--the young bulls consume 2-1/2 months' less feed in Estonia. Last year the average per-cow milk yield differed over the year by more than 600 kilos--again not in Lithuania's favor. The main reason for this is the chronic shortage of feed for the animals in Lithuania.

A reason for this, and this has been corroborated by practice, is the unwarranted reduction in the sowings of agricultural crops constituting the livestock ration. Since 1970 the total sown area in Lithuania has increased by more than 130,000 hectares. An increase of 6 percent. In this time the fodder root crop field has declined by 16,000 hectares. It now occupies some 1.8 percent of the entire sown area. There has also been a reduction in the areas sown to perennial and annual grasses of 230,000 hectares. In the last 5 years the sowings of corn for silage and soiling food have been reduced by 16,000 hectares and of legumes and grain mixtures by 14,300 hectares. The proportion of feed from these crops in the animals' ration has also declined accordingly. Even in the most favorable years of the last 5-year period--1966-1977--when 18.4 and 17.3 feed units respectively were procured per standard head of cattle in the republic, the animals did not receive the necessary quantity of hay, root crops and potatoes.

We would mention that the 1976-1977 result was far lower than the scientifically substantiated norm and far from the level of the country's progressive farms. Thus the initiators of the movement for an increase in the production and sale to the state of animal husbandry products--the Cherkassy farmers--are endeavoring to provide each standard head of livestock with 40-42 quintals of feed units on average in each year of the 5-year plan. This is the kind of luggage with which implementation of the food program can be approached!

In 1980 the provision of livestock with hay, root crops and potatoes was even lower than in 1976-1977: only 66 percent of the hay requirement, for example, 49 percent of the root crop requirement and 84 percent of the grass meal requirement. Even the increased gross harvest of grainforage crops, mainly thanks to barley and oats, the area of which increased by 48,000 hectares in the 5 years, which, of course, was insufficient, was unable to make good the deficit.

I hear that the reason for the reduction in the sowings of the same legumes and the grass areas was in the one case their unadaptability to local climatic conditions and, in the other, to low productiveness. But I have in front of me a table of the average annual yield of the main agricultural crops on Lithuania's sovkhoses and kolkhoses in the Ninth and 10th five-year plans. In the 5-year plan before last, for example, the average annual harvest of corn for silage constituted 202 quintals per hectare, and in the last 5-year plan, 3 years of which proved unfavorable, 188 quintals thereof per hectare were obtained, the difference not being all that great. The respective figures for legumes were 17.9 and 16.4 quintals and for perennial grass hay 28.9 and 28.2 quintals.

As far as the hay of annual grass, the sown areas of which are being unjustifiably cut back in Lithuania, is concerned, it is fitting to mention that more of it was harvested in the last unfavorable 5-year period than in the previous one--almost 24 quintals per hectare more. I can hear the objection: in all cases winter wheat yields 10 quintals of feed units per hectare more than annual grass hay. But, first, given the current low grass harvest. Second, is it rational to use wheat for fattening the animals? After all, there are barley and oats, crops which produce no less a harvest and, besides, one rich in protein. Incidentally, in Estonia the wheat field constituted a negligible proportion of the total sown area. But large areas were taken up with barley and oats.

Sheep also are held in higher esteem in Estonia. In Lithuania the number of sheep fell by a factor of 2.5 in 10 years and now number little more than 50,000 on all categories of farm. Yet in Estonia there are 142,000 head of sheep. Tending sheep without grain is, as is known, simple, and this is a considerable factor under Baltic conditions.

Further. In Estonia the surrender weight of cattle is closer to the ideal--439 kilos. In Lithuania, however, it is 414 kilos. Lithuanian stockbreeders have, it is true, achieved, it may be said, excellent results in the production of young pigs per 100 sows. But piglets require grain, and there is not enough of it. Is this not why the Lithuanian hog breeders take 428 days to fatten the hogs, while their Estonian colleagues take 309.

The hog-breeding and dairy complexes are operated more efficiently in Estonia than in Lithuania. This is not because the Lithuanians lack livestock. What is primarily lacking is fodder, and this is holding back the growth of the numbers of livestock.

The efficiency of the use of fodder leaves much to be desired. Again many farms proceed by the simplest route--add concentrates! And, of course, their expenditure is excessive. In 1980 concentrates constituted 50 percent of the animals' ration. And this at a time when the proportion of root crops did not exceed 2 percent and



hay 4-5 percent. The grain content of the mixed feed produced in Lithuania is inordinately high--70 percent--and the republic derives a big proportion of the grain used for the manufacture of mixed feed from state reserves, moreover.

On the other hand, grass meal, pulp and meat and dairy industry waste are used to an insufficient extent here as additives to the mixed feed.

It is common knowledge how valuable haylage is. Haylage towers have been built on almost every kolkhoz in the republic in recent years. But they are not, for the most part, being used as intended. In Radvilishkiy Rayon, for example, only 2 of the existing 13 towers have yet been filled with haylage. They lament the state of disrepair of the units. And there is nothing to fill them up with! But where there is something, as, for example, on the local "Draugas" Kolkhoz, the haylage towers operate well, and fodder is stored in them until summer itself. Four of the 12 towers were not occupied in Kedaynskiy Rayon, and the picture is the same in Panevezhskiy and a number of other rayons.

There are over 2,800 fodder shops and feed kitchens in good working order on Lithuania's farms for the preparation of feed. They are operating at far from full capacity. The absence on the farms and in the rayons of proper accounting and control of the expenditure of fodder and the observance of substantiated rations frequently leads to up to one-half of fodder stocks being expended in the first 6 weeks--2 months of the stalling period, and it lasts 6 months and more locally.

...The first 6 months of 1981 are drawing to an end. What is the situation in the livestock sections? I will take the official report of the USSR Central Statistical Administration. Well now! Lithuania has sold 98 percent of the livestock and poultry sold in 1980, Estonia 118 percent. The gross milk yield compared with the same period last year is 97 and 100.6 percent and average yield is 97 and 100.1 respectively. And this when the Estonia stockbreeders are steadily ascending from a far higher level than the Lithuanians.

It cannot be denied that it is difficult to overcome the mistakes of many years. But it must be done, it is simply essential! And something was done this spring.

I recently visited Vil'nyusskiy Rayon's "Novaya zhizn'" Kolkhoz. In the last 5 years this farm has made a profit of just less than R1.5 million. Animal husbandry is responsible for a large part of the income.

In the 10th Five-Year Plan the kolkhoz sold the state 2,152 tons of meat and 8,570 tons of milk, fulfilling the quotas 197 and 105 percent respectively. Milk and meat production will increase considerably here in the 11th Five-Year Plan.

The confidence, as the farm specialists said, is based on the fact that the cattle herd has not only been augmented by 200 head but also, the main thing, the fodder base is being reinforced constantly. More land than ever has been given over to succulent fodder--turnips, beet, cabbage and silage from corn. And it is planned to procure a sufficiency of hay, grass meal and haylage. This will make it possible to reduce grain consumption in livestock fattening.

This is not an isolated example. There is beginning to be a revision of views in the republic on the development of animal husbandry, but it is necessary to act more decisively and flexibly and with regard for the experience of the country's foremost rayons and the farms of the republic itself. The state has done much for the development of Lithuania's agriculture. One good turn deserves another.

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